

ANNUAL REPORT 2021



BOARD OF INVESTMENT OF SRI LANKA



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MESSAGE FROM THE DIRECTOR GENERAL



2021 continued to present unprecedented socio-economic challenges that were largely triggered by the COVID-19 pandemic. While these headwinds continued to impact the momentum of FDI inflows and economic growth of the country, the importance of the BOI's contribution to the stability and growth of the national economy gained prominence more than ever before. In a scenario where the country's foreign earnings were severely impacted as a result for the tourism downturn and foreign worker remittance contraction, it became of paramount importance to protect and advance national exports, 64 per cent of which is accounted for by BOI enterprises. By proactively representing the interests of its enterprises in various forums as well as proactive facilitation, including employee care through the establishment of intermediate Covid-19 treatment facilities, the BOI was able to minimize disruptions to its company operations. As a result, despite the overwhelming macro challenges, the BOI was able to ensure that exports by its enterprises grew not only by 23 per cent in 2021 in comparison to 2020, but also grew by 2 per cent in 2021 compared to pre-pandemic levels of 2019. In turn, the BOI contributed to over 83 per cent of the country's industrial exports in 2021.

Moreover, 2021 was a year where the focus was largely to recover from the after effects of the downturn in 2020 while regaining FDI momentum through the implementation of targeted strategies. In 2021, the BOI continued to implement the interim corporate strategy launched in 2020, and implemented some of the key policies and action plans that were required to attract targeted foreign investment into the country. Accordingly, the BOI was able to realize a FDI inflow of US\$ 780 Mn in 2021 vs US\$ 687 Mn in 2020. We were also able to approve 126 investment projects (Vs. 144 in 2020) including expansions with an aggregate investment value of US\$ 2.57 Bn. With these approvals, in 2021, the BOI recorded the highest ever FDI approvals in a given year (when proceeds from the divesting of national assets are excluded) amounting to US\$ 1,741 Mn. As macro-economic challenges hopefully ease over the next several years, these approved projects can be expected to yield a greater

FDI realisation in the future bringing in an export driven trade deficit offsetting hard currency capital infusions to the national economy.

During the year, BOI established two industrial zones dedicated for Pharmaceutical Sector and Textile Manufacturing at Arabokka in the Hambantota district and Eravur in the Batticaloa district respectively. Identified as Strategic Development Projects, the two zones cater to niche local and foreign investors in the specific sectors of national importance, offering attractive and unique location-based tax incentives and concessions.

One of the key investment promotion initiatives undertaken by BOI last year was the first ever Sri Lanka Investment Forum held virtually in collaboration with the Ceylon Chamber of Commerce and the Colombo Stock Exchange to globally promote FDI and capital market investments in Sri Lanka. The forum, the first of its kind in Sri Lanka, brought together over 5,000 local and foreign participants from 85 countries and consisted of over 100 sessions where a platform was provided for government and private sector stakeholders, global experts and advisory firms to share, interact and exchange views, policies, ideas and knowledge, facilitating one-on-one engagement between investors and authorities. At the same time, progressive steps were undertaken to alleviate some of the key policy hindrances that curb the optimized potential of the BOI in investor facilitation, such as enabling powers of the BOI, streamlined and consistent concessions, reforming the visa policy of expatriates to name a few.

As a part of operational streamlining, various digitization programmes were launched and many such were successfully implemented facilitating and accelerating investment approval and customs clearance related processes. It is noteworthy to mention that almost all of these initiatives were planned, designed, developed and implemented with in-house talent with the collaboration of relevant functional staff. Such initiatives have enabled the BOI to significantly improve the Ease of Doing Business in terms of operational ease, transparency, accountability as well as reduce time and costs.

None of these would have been possible if not for the guidance of our very capable Board, dedication and support of the BOI team, our loyal investors, and line agencies. I take this opportunity to extend my heartfelt gratitude to all of them for their contribution to the BOI and to the nation's development drive.

Pasan Wanigasekara

PROFILES OF BOARD OF DIRECTORS 2021



Mr. Sanjaya Mohottala
Chairman

Mr. Sanjaya Mohottala is the Chairman of the Board of Investment and he also serves as a Board Member of the Sri Lankan Airlines, the Export Development Board & Sahasya. He's also a member of the Presidential Task Force for Economic Revival & Poverty Eradication.

Prior to joining BOI, Mr. Sanjaya Mohottala was a Managing Director and Partner at the Boston Consulting Group with experience in Indo-Pacific, the EU and the US. He has advised Principal Investors and Private Equity (PIPE) clients, Sovereign Wealth Funds (SWF), global MNCs, regional and local companies, with detailed and macro experience in M&A, investments, corporate development, strategy, re-organization, go to market, digital venturing and large-scale restructuring. Prior to that, Mr. Mohottala worked as a Brand Manager at Unilever Sri Lanka and as a Oracle Product Specialist at MillenniumIT.

Mr. Mohottala received his MBA from the UCLA Anderson School of Management as a Full-bright Scholar, and holds a BSc, in Electronics and Telecommunication Engineering (with Distinction) from the University of Moratuwa Sri Lanka. He is also a Management Accountant (CIMA - UK) and has a Post Graduate diploma in Marketing from the Chartered Institute of Marketing (CIM - UK).



Dr. Harsha Cabral, PC
Board Member

Dr. Harsha Cabral, PC is a President's Counsel in Sri Lanka with over thirty-three years' experience in the field of Company Law, Intellectual Property Law, Commercial Law, Securities Laws, International Trade Law & Commercial Arbitration. He has been a President's Counsel for sixteen (16) years and commands an extensive practice in the Commercial High Courts and the Superior Courts of Sri Lanka. He holds a Doctorate in Corporate Law from the University of Canberra, Australia.

Dr. Cabral is a Sitting Member of the International Chamber of Commerce (ICC), International Court of Arbitration in Paris and a Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT). He is also a Fellow of the Institute of Chartered Secretaries & Administrators (UK).



Mr. Sanjay Kulatunga
Board Member

Mr. Sanjay Kulatunga has a Master of Business Administration from the University of Chicago Booth School of Business. He is also a CFA Charterholder.

Mr. Kulatunga, a former Regional Analyst at Jardine Fleming Hong Kong, was a Founder Director of Amba Research Lanka, a knowledge process outsourcing company. He has held the positions of CEO, Executive Director and Founder in assorted industries, including manufacturing, leisure and finance. He has served as President of the CFA Society of Sri Lanka, a Commissioner of the Securities and Exchange Commission of Sri Lanka and on the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka.



Dr. Harsha Subasinghe
Board Member

Dr. Harsha Subasinghe is the Founder, President and Chief Executive Officer of CodeGen Group of Companies, based in Sri Lanka, UK and in the USA. The company is renowned for delivering innovative, fully scalable, high- performance solutions for multiple industries such as travel, education, automobile, transportation, agriculture, energy, and healthcare and world renowned brands such as TravelBox, Vega, chargeNET, AiGROW and Cloud Smart School. CodeGen is one of the largest private sector investors in Artificial Intelligence in Sri Lanka. Dr. Subasinghe has very proudly put Sri Lanka on the world map time and time with CodeGen's cutting- edge product designs and solutions.

Dr. Subasinghe plays a vital role in energising the innovation culture within Sri Lanka. He works with state universities as a key sponsor for many R & D projects, inducing QBITS Labs initiative with the sole objective of shaping the future generation to be industry-ready while facilitating real- world projects that deliver high value IP. QBITS Lab at the University of Moratuwa provides a 3-year working PhD for its students.

Dr. Subasinghe is one of the key initiators and the Vice Chairman of the Trace Expert City. Trace spearheaded a long-term project with the Sri Lanka UDA, to build world-class workspaces equipped with eco-friendly surroundings and facilities for the highly skilled workforce in the innovation sector to build extraordinary products here in Sri Lanka.

Dr. Subasinghe's academic qualifications include a PhD research in Artificial Intelligence and Software Agents, Master's in Information Technology and Bachelor's degree in Electrical and Electronics, Computer Engineering from the United Kingdom.



Mr. Jayamin Pelpola
Board Member

Mr. Jayamin Pelpola has over 10 years of experience in International Investment Banking and Asset Management including Goldman Sachs (UK) and Nomura USA. He is the only Sri Lankan to have worked in the coveted Principal Strategies group at Goldman Sachs, a team recognized for its creative and highest yielding investment strategies at the Wall Street. During his career, Mr. Pelpola has structured and managed international investments worth more than US\$ 20 Bn in various sectors and countries.

As a senior consultant, Mr. Pelpola has also advised US banks and International Central Banks on banking sector reforms. Specifically, he advised the regulators and the Board of Directors of the Bank of America, DBS, Wells Fargo and the Deutsche Bank on capital adequacy decisions, recapitalizations and the application of digital innovations in banking.

Building on his finance sector experience, Mr. Pelpola entered the financial technology (Fintech) space as an investor and an entrepreneur. He started his entrepreneurial journey by developing a proprietary model to value non-traditional assets and selling it to a Wall Street bank.

Mr. Pelpola was also the Founding President of Moneyworkz Technologies, a company recently recognised as one of the best fintech startups in Asia for its work in applying technology and data science to the financial sector.

Currently, he also serves as the Chairman of Jayaru Trade Partners and a Director on the Board of Ceylon Eco Spices. Jayaru Trade Partners provides infrastructure, financing and processing services to global commodity markets. Ceylon Eco Spices is a leading Sri Lankan exporter of durable agricultural commodities serving more than 10 international markets.

Mr. Pelpola received his Masters in Business Administration (MBA) from the Harvard University. He also obtained his charters from the CFA Institute (USA) and CIMA (UK). Mr. Pelpola became the youngest CIMA Management Accountant in the world at the age of 20. He was also the youngest CIMA prize- winner at the time. He also received his Postgraduate Diploma in Marketing from CIM (UK).

Our Vision

**“To make Sri Lanka the most
Preferred Destination for
Sustainable Investment in Sri Lanka.”**

Our Mission

“BOI will work in a positive and speedy manner to fulfill Sri Lanka’s potential to attract and retain quality investments that lead to an enhanced export base, bring more and better jobs, and enhance knowledge and skills through new technologies and innovations.”

Core Values

◆ **Passion for Performance and Achievement:**

BOI will set and achieve ambitious but realistic investment and job creation goals.

◆ **Bridging the Public and Private Spheres:**

BOI will take pride in facilitating, securing and growing investments that help our economy to prosper. We will collaborate and partner with public and private bodies to deliver our mission, while contributing to theirs.

◆ **Integrity & Professionalism:**

BOI will be dedicated to understanding the needs of investors and will deliver timely, commercial and innovative solutions. We will place integrity, honesty, sincerity, reliability, trust, fair treatment, respect and care at the heart of this dedication.

◆ **Superior Customer Service:**

At level which are proactive and significantly better than competing FDI Locations.

◆ **People:**

BOI will value the competence, collaboration, dedication and commitment to excellence of its people. We will continually focus on making BOI a great place for staff to work, develop and succeed.

BOI PROFILE

Incorporated in 1978, the Board of Investment was constituted with a mandate to function as the focal point for investment promotion; diversify and increase foreign exchange earnings; encourage and foster the establishment of industrial and enterprises within the Republic through zone development; and in due course, widen and strengthen the base of the economy.

Recognised as a key institution that drives the economic development of Sri Lanka, the Board of Investment attracts foreign direct investment contributing to sustainable economic growth by creating skilled and niche job opportunities, generating exports, and enhancing technology and skill transfer to the country. From the first Export Processing Zone (EPZ) established in 1978 at Katunayake, today, there are 15 EPZs Island wide providing all the necessary infrastructure facilities, such as electricity, water, transportation, communication and waste disposal facilities, required for the establishment of industries.

◆ Propose

It is the purpose of BOI to serve the nation by implementing national economic policies, driving foreign investment and creating a conducive investment climate. It strives to achieve sustainable foreign investment creating export revenue and manifest Sri Lanka as a sought out international investment destination.

◆ Objectives

The key objectives of the BOI aim to: foster and generate economic development; widen and strengthen the base of the economy; encourage and promote Foreign Direct Investments; diversify the sources of foreign exchange earnings and increase export earnings; encourage and foster the establishment and development of industrial and enterprises within the Republic.

◆ Role

- To target and attract investments for priority sectors supporting implementation of the Government's investment policy and progressively increase the level of FDI, contributing towards achieving national growth targets.
- The BOI acts as the first point of contact for investors who intend to set up projects in high value added/ high-tech manufacturing, high value-added apparel, IT enabled services, tourism, food processing, logistics, education and large-scale infrastructure or other chosen sectors in Sri Lanka. Information and guidance are provided and approvals required from other Line Agencies are coordinated by the BOI to facilitate investors.
- Investment applications in respective sectors are evaluated by the BOI to approve project proposals, grant concessions and facilitate visa issuance for expatriates.
- The BOI provides assistance to investors throughout the project cycle from start-up to implementation and successful operation of the project, by facilitating and attending to import/ export clearance for import of capital goods and raw materials and the export of final products.
- The BOI develops Export Processing Zones with readily available infrastructure facilities to provide investors with suitable sites for the implementation of projects within a minimum period of time.

BOI MILESTONES

- 1978 ➤ Greater Colombo Economic Commission (GCEC) was established under the Parliament Act No. 04 of 1978.
- Establishment of the Katunayake Export Processing Zone in 1978 which is the first and largest zone maintained to date.
- 1986 ➤ A Job Bank was set up by the GCEC to assist Zone Enterprises.
- Establishment of the Biyagama Export Processing Zone in 1986 as the second zone of the BOI.
- 1990 ➤ Foreign Investment Advisory Committee & the GCEC were merged together, and GCEC became the sole authority to approve foreign investments in Sri Lanka.
- 1991 ➤ Establishment of the Koggala Export Processing Zone for development of the Southern Province.
- 1992 ➤ The Board of Investment of Sri Lanka (BOI) was incorporated as a statutory body under the Act No: 49 of 1992 and the BOI was established as the successor to the GCEC.
- "200 Garment Factory Program" was introduced to minimise unemployment under the Government Regional Development Program.
- 1995 ➤ Establishment of the Kandy Industrial Park.
- 1998 ➤ Amalgamated the Board of Investment with the Bureau of Infrastructure Investment (BII).
- Establishment of the Mirigama EPZ and the Malwatta EPP.
- 1999 ➤ Establishment of the Horana EPZ and the Wathupitiwala EPZ.
- 2000 ➤ Establishment of the Polgahawela EPZ, Mawathagama EPZ and the Mirijjawila EPZ.
- 2001 ➤ Acquired Seethawaka Zone to the Board of Investment of Sri Lanka as Seethawaka EPZ.
- 2006 ➤ "300 Enterprises Program" was launched with the objective of taking industries to the rural sector.
- 2008 ➤ BOI Head Office was permanently established at the World Trade Centre, Colombo by purchasing 09 floors of the WTC.
- 2009 ➤ BOI became the first Government Institution to receive ISO 9001: 2000 Certificate.
- The BOI Jaffna Office was established.
- 2011 ➤ Achieved the FDI target of US\$ 1 Bn.
- 2013 ➤ BOI is the main organizer for the "Commonwealth Business Forum" which was held in parallel with the "Commonwealth Heads of Government Meeting (CHOGM) 2013".
- 2014 ➤ BOI sponsored the "Asia Pacific Business Forum 2014".
- 2017 ➤ The 40th Anniversary celebration of BOI.
- 2018 ➤ Highest ever FDI Achieved US\$ 2.37 Bn.
- 2019 ➤ Establishment of the Bingiriya EPZ
- 2020 ➤ Initiated the development of 2 new specialised zones at Eravur & Arabokka.
- 2021 ➤ Conducted the first ever Sri Lanka Investment Forum with over 5,000 local and foreign participants from 85 countries virtually.

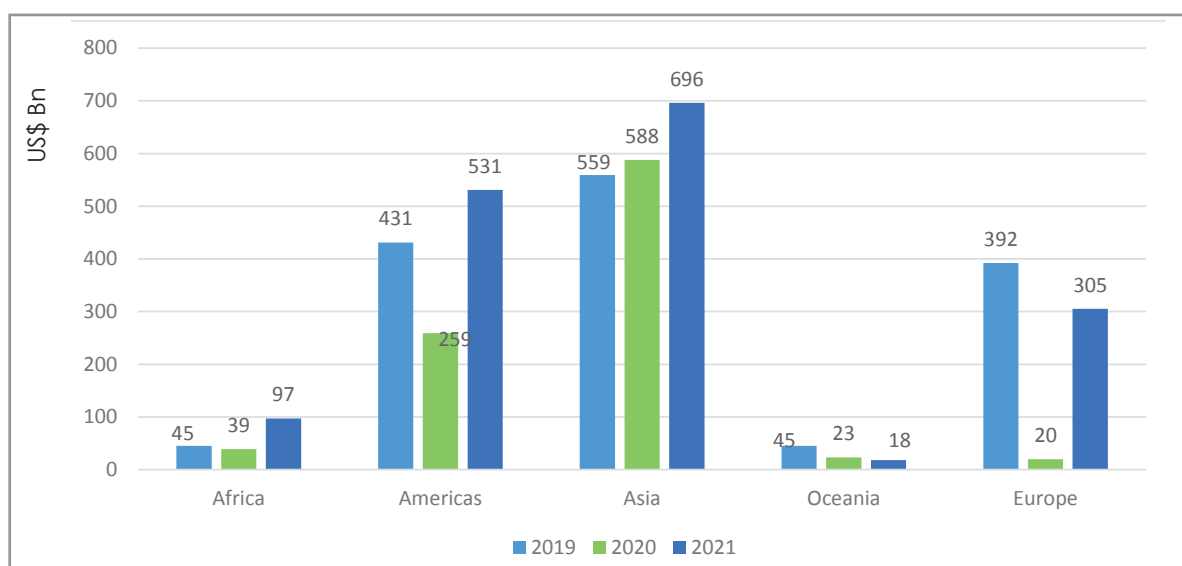
WORLD INVESTMENT SCENARIO 2021

As anticipated, global foreign direct investment (FDI) rebounded by 77 per cent in 2021 reaching an estimate of US\$ 1.65 trillion, from its sporadic value of US\$ 929 Bn recorded in 2020, following the COVID-19 outbreak. This value has surpassed the pre-pandemic level of US\$ 1.54 trillion logged in 2019.

While there was an overall increase in global FDI and an up scaled recovery was recorded, the recovery growth is significantly uneven when region and sector wise breakdowns are compared. While developed countries were able to attract and record almost three quarters of the total increase in global FDI flows, developing economies and especially the least developed countries only saw a modest growth recovery.

The biggest rise was seen among the developed countries US\$ 777 Bn in 2021, with a threefold increase marked in comparison to the exceptionally low levels in 2020. Of this, more than 80 per cent of European inflows were due to large swings in conduit economies, while the doubled inflows of USA was largely accounted due to cross-border mergers and acquisitions (M&As).

FDI Inflows 2019 - 2021 (Billions of Dollars)



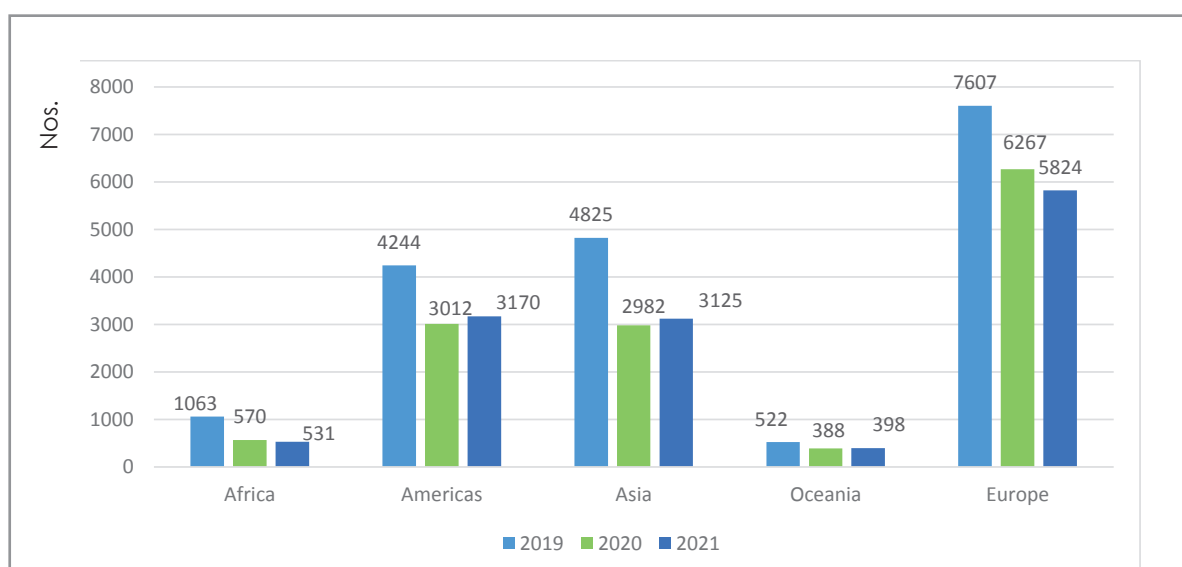
Source: UNCTAD (Investment Trend Report, January 2022)

FDI flows to developing countries increased by 30 per cent nearing to a total of US\$ 870 Bn with a growth acceleration centred in East and South-East Asia. Although South Asia increased its FDI inflows in 2020, it was the only sub region within Asia to mark a negative growth rate of FDI in 2021, with total FDI inflows in 2021 dropping by 24 per cent, when compared to the preceding year. Latin American and Caribbean regions too managed to recover closely to their pre-pandemic levels.

Reinforced by long-term financing conditions, recovery stimulus packages and overseas investment programmes, international project finance deals were up by 53 per cent and as such, the infrastructure sector rose 91 per cent in value, with significant increases in high-income regions, Asia, Latin America and Caribbean. Project finance in infrastructure now exceeds pre-pandemic levels as a result, especially in renewable energy and industrial real estate sub-sectors.

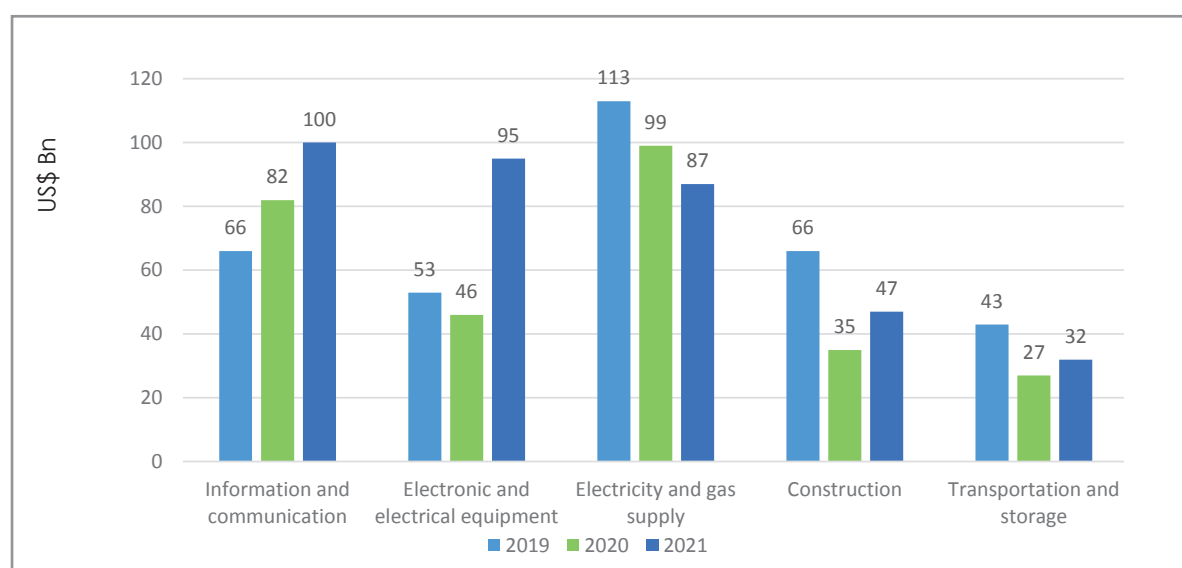
On the contrary, greenfield investment project announcements in industry and global value chains were almost non-existent, marking only a 7 per cent increase in value. The number of new projects commenced in the global value chain intensive industries fell even further. Accordingly, greenfield investment activity continues to remain 30 per cent below pre-pandemic levels on average across all industrial sectors, with the exception of Information and Communication / Digital sector which has made a full recovery.

Announced Greenfield Projects, 2019 - 2021



Source: UNCTAD (Investment Trend Report, January 2022)

Announced Greenfield Projects, by Selected Industries, 2019 - 2021 (Billions of Dollars) - Top 5 Industries in Value Terms



Source: UNCTAD (Investment Trend Report, January 2022)

United States, maintaining its status as the largest host economy increased its FDI by 114 per cent in 2021 to US\$ 323 Bn, with cross-border merger and acquisitions almost tripling in value. European Union too experienced a 8 per cent increase in FDI flows, while China saw a 20 per cent increase in FDI inflows marking US\$ 179 Bn, and Brazil doubling its FDI to US\$ 58 Bn from low levels recorded in 2020. On the other hand, flows to India were lowered by 26 per cent, since merger deals followed through in 2020 were not repeated.

Looking ahead at 2022, trend of global FDI seems favourable with rebound growth of 2021 likely to be repeated. The underlying trend of new conduit flows, one-off transaction and intra-firm financial flows will remain relatively muted like in 2021, while international project finance in infrastructure sector will continue to provide growth momentum. However, this is not without its own preconceived risks and uncertainties such as the pandemic mutations from time to time, pace of vaccinations, labour and supply chain bottlenecks, energy prices and inflationary pressures.

HIGHLIGHTS



126 approvals granted for investments worth of **US\$ 2.56 Bn**
(36 New Projects & 90 Expansions)



US\$ 821 Mn for a Project to construct & operate a four lane elevated highway

US\$ 651 Mn investment agreement signed for the project to develop and operate the Colombo West Container Terminal



US\$ 780 Mn FDI inflow & **US\$ 1,052 Mn** local investment during the year



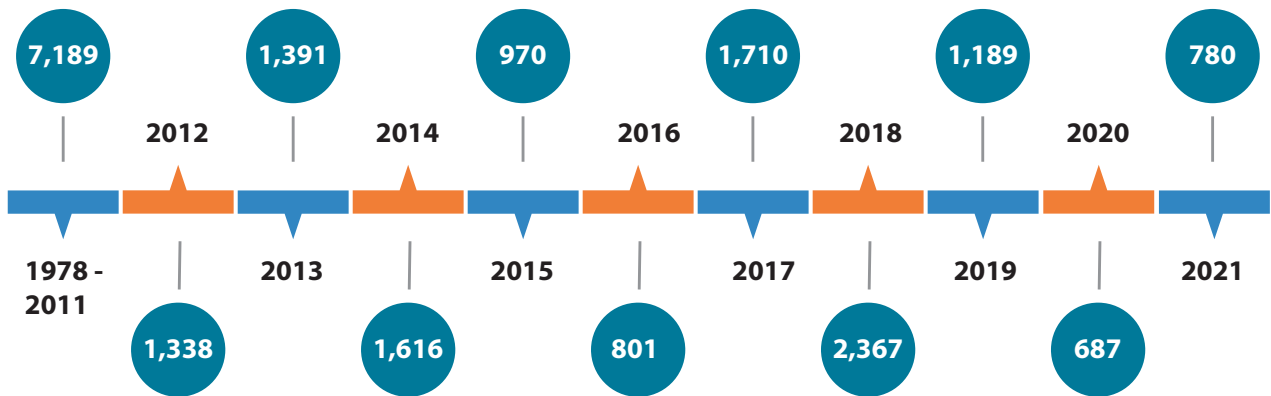
US\$ 8.8 Bn Merchandise and Services Exports
(64% of National Merchandise Exports & 83% of National Industrial Exports)



2 EPZs are ready to invest exclusively for Pharmaceuticals and Textile manufactures

BOI AT A GLANCE

FDI Inflows (US\$ Mn)



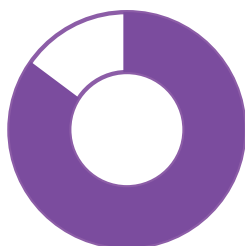
US\$ 20 Bn total FDI inflow from 1978 - 2021

Economic Impact 2021



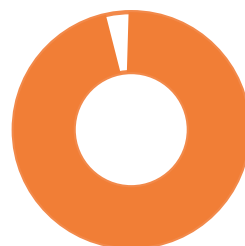
64%

of National Exports



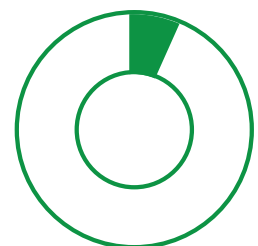
83%

of National Industrial Exports



96%

of National Garment & Textile Exports



6%

of Total Labour Force

15

Export Processing Zones in Operation

2

Export Processing Zones exclusively for Pharma and Textile Manufacturing under development (ready to invest)

> 1,600

Companies Operating Under BOI

> 500,000

Direct Cumulative Employment

US\$ 20 Bn

FDI Inflow Since (1978-2021)

US\$ 8.8 Bn

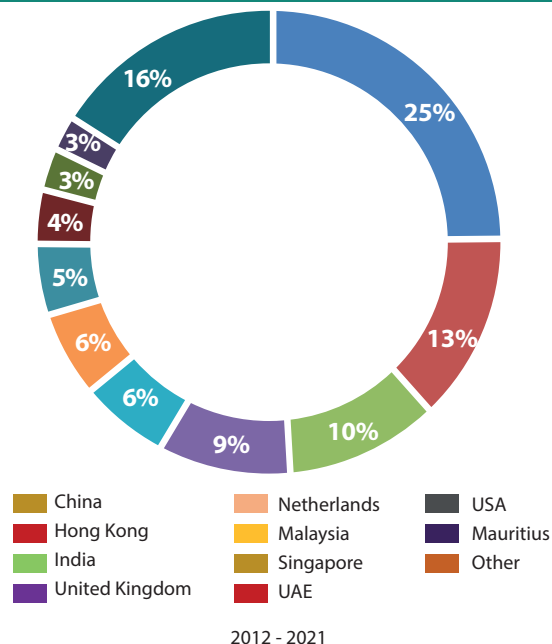
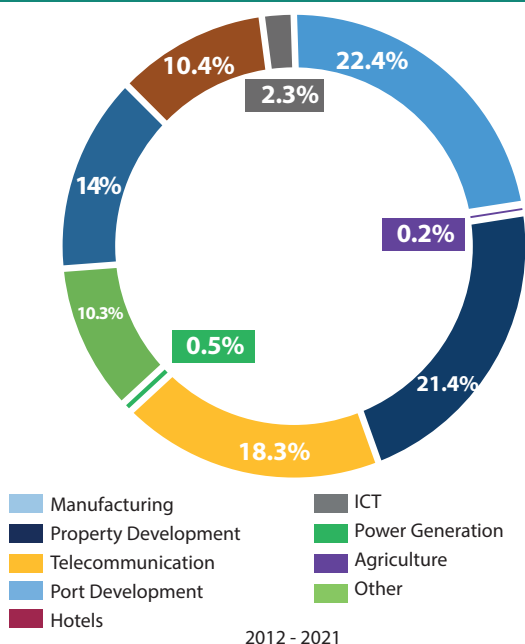
Annual Merchandise and Service Exports

Source: BOI and Central Bank

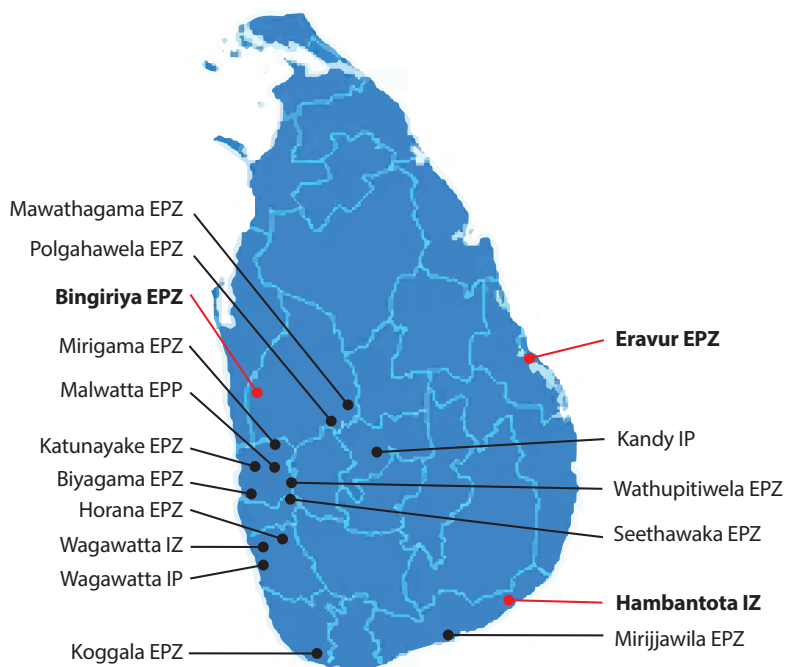
FDI Sectoral Contribution

Top 10 FDI Sourced Countries

US\$ 12.8 Bn FDI Inflow During 2012 - 2021



Export Processing Zones (EPZs)



15 EPZs in Operation

>265 Companies in Operation

>130,000 Employment

>US\$ 3 Bn Annual Exports Revenue

2 EPZs Under Development (Ready to Invest)

Exclusively for Pharmaceutical and Textile Manufacturing (Hambantota & Eravur EPZs)

INVESTMENT PERFORMANCE IN SRI LANKA 2021

Project Performance in 2021

Estimated investment (US\$ Mn)

	Type	No. of Projects	Foreign	Local	Total
Projects Approved	New	36	1,601	415	2,568
	Expansion	90	140	412	
Project Agreements Signed	New	21	98	100	595
	Expansion	93	115	282	
Projects Implemented	New	16	25	87	430
	Expansion	37	104	214	
Projects Commenced Commercial Operation	New	22	43	103	385
	Expansion	29	85	154	

Note: Exclude Cancellations as at March 2022

Progress of Approved Projects in 2021

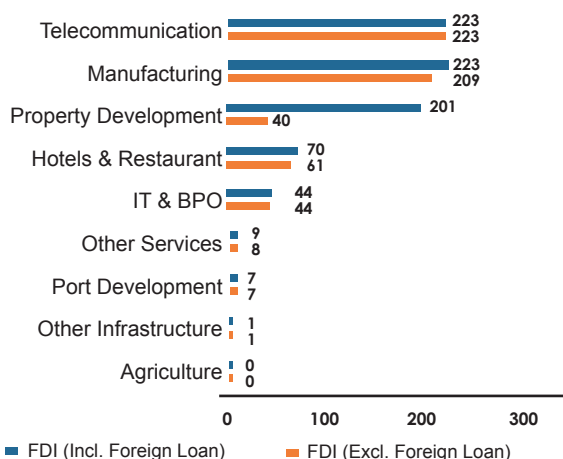


Note: Progress as at March 2022

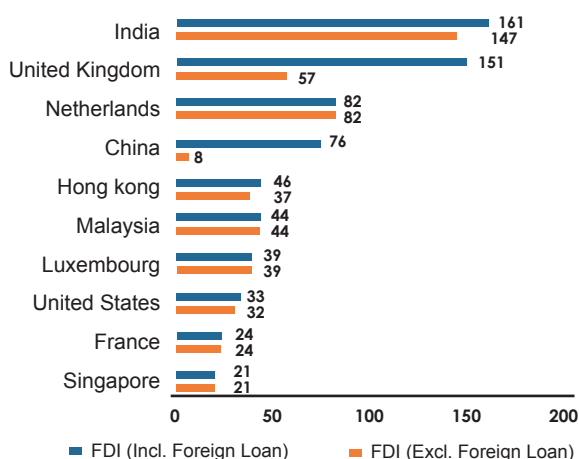
FDI Inflow in 2021

The FDI recorded in Sri Lanka for year 2021 amounted to US\$ 780 Mn. Out of total FDI received in 2021, Manufacturing and Telecommunication sectors have received the highest FDI (29 per cent each), followed by Property Development sector (18 per cent), Hotel sector (9 per cent), IT & BRO sector (6 per cent) etc.

FDI (US\$ Mn) Sectoral Contribution

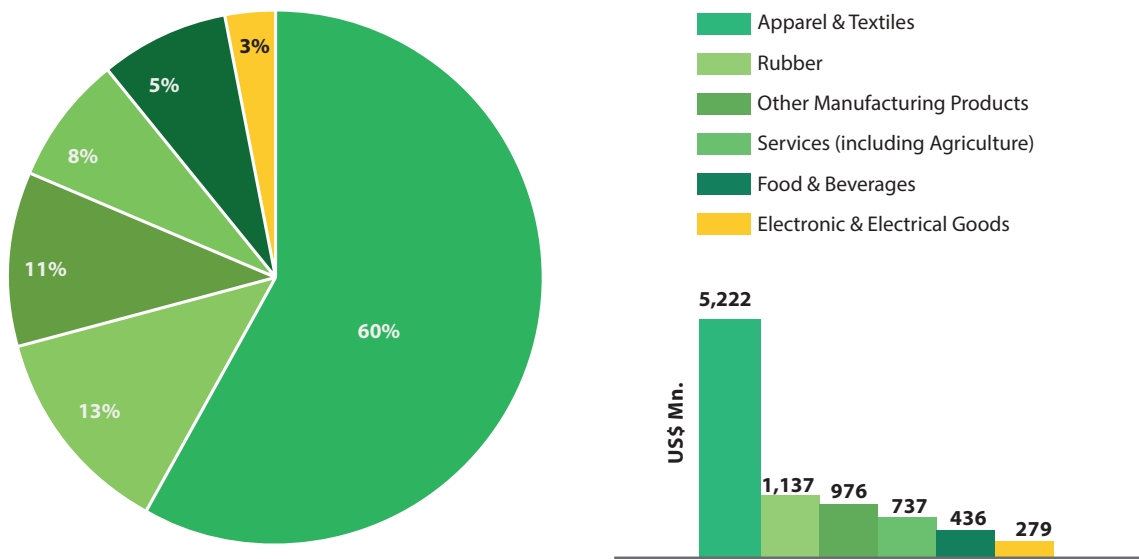


Top 10 FDI (US\$ Mn) Sourced Countries

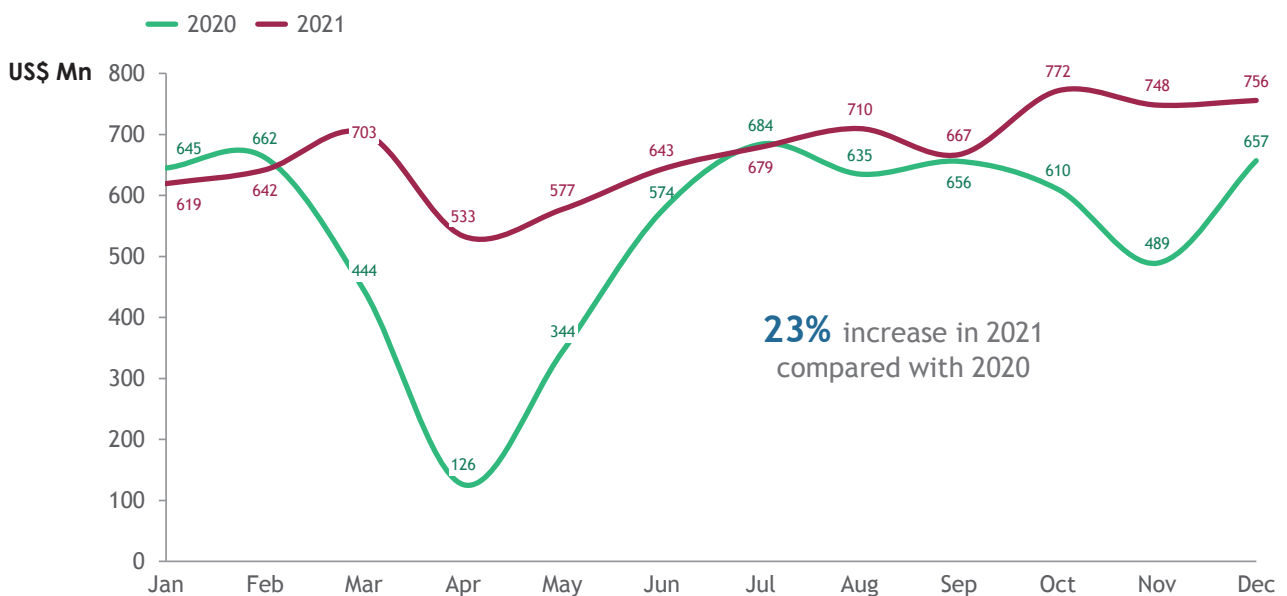


Exports of BOI Enterprises

Total exports of BOI enterprises in the year 2021 was recorded as US\$ 8,788 Mn which accounted for 64 per cent of National Exports and 83 per cent of National industrial Exports. Out of the total exports of BOI enterprises, 60 per cent was from the Apparel & Textile Sector while 13 per cent was from the Rubber sector, 5 per cent was from the Food & Beverages sector, and 3 per cent was from the Electronic & Electrical Sector. The Services sector contributed 8 per cent of total exports of BOI enterprises.



Merchandise Export (US\$ Mn) 2020 vs 2021



Significant Investments in 2021



Infrastructure

- BOI approved US\$ 821 Mn worth of investment from China to construct and operate a four lane elevated highway.
- BOI approved US\$ 651 Mn worth of investment with the Adani Group, India to develop and operate the Colombo West Container Terminal.
- BOI Signed an agreement worth of US\$ 27.5 Mn with Rakna Araksha Lanka Ltd to set up a mixed development project at Colombo 04. Currently, the project is under construction.



Rubber

- BOI approved and signed an agreement for an investment worth of US\$ 20 Mn with an investor from USA to set up a project to manufacture Latex mattresses.
- BOI approved and signed an agreement for an investment worth of US\$ 20 Mn with Global Rubber Industries (Pvt) Ltd for an expansion project to manufacture solid & pneumatic tyres.



Other Manufacturing

- BOI approved and signed an agreement for an investment worth of US\$ 58 Mn with an investor from Maldives to set up a project to build / assemble boats / yachts.



Apparel & Textiles

- BOI approved two Investments worth of US\$ 35 An and US\$ 30 Mn from India and USA respectively, to set up two textile manufacturing plants to be located at the Textile Manufacturing Zone in Eravur.
- Omega Line Ltd and Hayleys Fabrics PLC have implemented two expansion projects worth of US\$ 24 Mn and US\$ 23 Mn respectively in the year 2021.



Tourism & Leisure

- BOI signed an agreement worth of US\$ 27 Mn for a joint venture with Japan to set up Colombo International Airport Hotel with 184 rooms. Currently, the project is under construction.
- BOI signed an agreement with Melwa Hotels & Resorts (Private) Ltd for an expansion project worth of US\$ 52 Mn.



Telecommunications

- Sri Lanka Telecom signed an agreement with BOI worth of US\$ 155 Mn for an expansion.

RECENT INITIATIVES

A comprehensive strategy was developed by BOI in March 2020, which has defined clear and actionable investment attraction priorities coupled alongside realistically articulated timelines. The new strategy aimed at transforming the economic landscape of Sri Lanka and curating a conducive investment climate. This strategy, therefore, has been developed focusing on two main aspects. One being "Country Attractiveness" and other being "Revamping BOI" and was conceptualised through a 7-pillar approach focused on prioritised sectors, with a structured approach to attract target-oriented foreign direct investments (FDIs) and spur economic growth.

The Prioritised Six Broad Sectors are:



Manufacturing	ICT	Hospitality and Tourism	Agriculture and Food processing	Other Services	Construction, Infrastructure and Logistics
<ul style="list-style-type: none"> - Pharmaceutical - High value-added Apparel - Electronics and Electricals 	<ul style="list-style-type: none"> - Software Development - BPM/KPM, - IT Training, Education, and Emerging Technologies 	<ul style="list-style-type: none"> - Agro and Eco Tourism - Adventure Tourism - Luxury Hotels - MICE Tourism 	<ul style="list-style-type: none"> - Rubber - Agriculture and Agro Processing Food - Fisheries 	<ul style="list-style-type: none"> - Regional HQ - Financial Services - Trading - Maritime - Universities 	<ul style="list-style-type: none"> - Rapid Transit Ports, and Airports

While, ICT, Hospitality and Tourism sectors have been identified as "Game-changers", Agriculture and Food Processing sector is key to ushering rapid and inclusive growth in the new roadmap. The other high potential areas identified are;

- Pharmaceuticals sub-sector: 400-acre zone to manufacture all types of drugs E.g. Biopharmaceuticals, Injectable, APIs, Nutraceuticals, etc.
- Electronics and Electrical sub-sector: take the advantage of future technology platforms such as Graphite and Graphene-based manufacturing, Sensors and Switches, IOT devices, Printed Circuit Boards (PCBs), Electrical Panel Boards, and Mobile Phones etc.
- Infrastructure and Services such as Logistics, Regional HQs, Financial Services, Trading, Maritime & Universities needed to support the growing consumer economy as well as to expand the Manufacturing and Services sectors.

Major Policy Initiatives Undertaken During 2021

1. Establishment of the Pharmaceutical Manufacturing Zone - Arabokka, Hambantota

Having identified the Pharmaceutical industry as a potential industry that could bring Sri Lanka enormous economic & social benefits by providing quality drugs through local supply to the public and earning foreign exchange through exports, establishment of a State-of-the-Art Pharmaceutical Zone has been initiated by the BOI as a Strategic Development Project to attract world renowned investors.

The proposed Pharmaceutical zone has been established in Arabokka BOI Zone in the Hambantota district and would be developed in an area of 400 acres, in two stages. In the first phase of the project, 200 acres of land has been developed to accommodate 20 pharmaceutical companies, whereas in the second phase, a further 20 pharmaceutical manufacturing companies within 200 more acres will be set up.

The process to declare the proposed Pharmaceutical Zone as a SDP project has already been completed and the parliament approval for the same has been granted on 19th August 2021.

Proposed investment incentives under the SDP Act, applicable for Pharma companies established within the zone have been gazetted as follows:

- **Exemption from Corporate Income Tax (CIT)**

- a. For income generated through exports (including deemed exports);

Minimum of 5 years up to a maximum of 10-years tax holiday will be granted based on a pre-defined criterion.

After the expiry of the aforesaid tax holiday period, the prevailing Corporate Income Tax rate applicable for exporters at that time, shall be applicable in respect of the profits generated by the enterprise.

- b. For income generated through import substitution via sales to the local market;

The prevailing concessionary Corporate Income Tax (CIT) rate applicable for exporters at that time shall be granted for a minimum of 5 years up to a maximum of 10-years period based on a pre-defined criterion.

After the expiry of the aforesaid tax concession period, the prevailing Corporate Income Tax rate applicable for manufacturers at that time shall be applicable in respect of the profits generated by the enterprise.

- **Exemption from Import Taxes & Levies**

- a. Importation of construction related items during project implementation period

- Exempted from all taxes and levies (Customs duty, PAL, CESS and VAT)

- b. Importation of Capital items (Plant, Machinery, Equipment)

- Exempted from all taxes and levies (Customs duty, PAL, CESS and VAT)

- c. Importation of raw materials and production/process related consumables

(for both production for export including deemed exports and import substitution via sales to local market)

- Exempted from all taxes and levies (Customs duty, PAL, CESS and VAT)

- **Exemption from Income Tax for Expatriates**

2. Establishment of the Textile Manufacturing Zone – Eravur

The proposed Industrial Zone in Eravur has been established in a land with an extent of 200 acres as a fabric manufacturing park to cater to both local and international markets. It is expected that; this zone will create a tremendous opportunity to the country and to the apparel industry by way of reducing the outflow of foreign exchange for import of fabric and JIT (Just in Time) supply with enhanced delivery speed of raw materials at a comparatively lesser cost. This will also pave way for apparel manufactures to be eligible for concessions, provided by Bilateral and Unilateral Trade Agreements (EU GSP+, ISFTA, SLPFTA), by meeting with Rules of Origin criteria.

It is expected to fast-track the process and to commence operation of the zone during the year 2021 and as of now, one investor has already been locked in an investment of US\$ 35 Mn and several other investors have also shown their interest in establishing fabric mills at the Eravur Zone. Further, an additional 65 Acres of the Eravur Zone will be available for projects from year 2025 onwards.

This Textile Manufacturing Zone will be declared as a Strategic Development Project and Section 3.2 and 3.4 Gazette notifications under the SDP Act have already been published and awaits approval from the Parliament.

Proposed investment incentives under the SDP Act, applicable for the Textile manufacturing companies established within the zone, have been gazetted as follows;

- **Exemption from Corporate Income Tax (CIT)**

Minimum of 5 years up to the maximum of 10-years tax holiday will be granted based on the investment and employment thresholds.

After the expiry of the aforesaid tax holiday period, 50 per cent of CIT applicable for exporters at that time, shall be applicable for 2-5 years based on the above thresholds.

- **Exemption from Import Taxes & Levies**

- a. Importation of construction related items during project implementation period

- Exempted from all taxes and levies (Customs Duty, PAL, CESS and VAT)

- b. Importation of Capital items (plant, machinery, equipment)

- Exempted from all taxes and levies (Customs Duty, PAL, CESS and VAT)

- c. Importation of raw materials and production/process related consumables

- (for both production for export including deemed exports and import substitution via sales to local market)

- Exempted from all taxes and levies (Customs Duty, PAL, CESS and VAT)

- **Exemption from Income Tax for Expatriates**

3. Obtaining SDP Status for a Large Scale Tyre Manufacturing Project

Ceylon Tyre Manufacturing Company has entered into an agreement with BOI in November 2020 to construct a tyre manufacturing plant in a land with an extent of 121 acres within the Hambantota International Port. The factory will start its operations in three years and will generate 2,000 direct employment opportunities. In the first phase it is expected to manufacture semi steel radial tyres and all steel radial tyres needed for trucks, buses and passenger cars and export nine million tyres at capacity. This high-profile project with an envisaged foreign direct investment of US\$ 300 Mn has been declared as a Strategic Development project under the provisions of the Strategic Development Act.

4. Obtaining SDP Status for a Leading Global ICT Project

HCL Technologies (HCL), a leading global technology company, has entered into an agreement with BOI to set up a project to develop software and provide IT related services for the export market with an envisaged investment of US\$ 10.25 Mn. HCL commenced its operation in October 2020, with an initial focus on offering next-generation solutions to serve major blue-chip organizations and will serve its clients across diverse industry verticals: Life Sciences and Healthcare, Banking, Financial Services and Insurance; Telecom, Retail, Consumer, Publishing, Energy & Utility Industries among others.

HCL plans to generate about 3,500 employment opportunities in the coming three to five years and is expected to increase its employment up to 9,000 by 2029, of which 1,500 employees will commence works in Sri Lanka initially.

The process to declare HCL as a Strategic Development Project under the SDP Act has been initiated and cabinet approval has been granted to start the process.

5. The Sri Lanka Investment Forum 2021

The Sri Lanka Investment Forum 2021 based on the theme 'Invest Sri Lanka – Asia's Next Growth Haven', was jointly hosted by the Board of Investment of Sri Lanka (BOI), Colombo Stock Exchange (CSE) and The Ceylon Chamber of Commerce (CCC) to promote FDI opportunities and investment in the Sri Lankan Capital Market globally.

This virtual event was held from 7th to 9th June 2021 and provided a preview of attractive investment opportunities in Sri Lanka across FDI in projects, private equity placements and investment in Listed Corporates. The forum included sessions and presentations by senior government officers, top leadership of public and private companies, global experts, investment bankers, and advisory firms.

Over 40 Large Scale FDI Projects exceeding US\$ 5 Bn were showcased along with 40 equity partnership opportunities.

The event attracted 4,500+ registrations of which 1,900+ investor profiles were identified. Over 150 one-on-one engagements were facilitated between prospective investors and project owners.

6. Other Initiatives

Further, emphasis has been placed on establishing four zones focused on Agro-processing, Electric and Electronic Appliances, Steel & Heavy Industry as well as the ICT sector in Hambantota, Henegama and Sooriyawewa and Mirijjawila respectively.

Budget proposal for 2022 has been submitted to the Treasury requesting for required budgetary allocation for the infrastructure development of the proposed zones.

OUR PEOPLE

HUMAN CAPITAL

We consider our people to be the central force that drives the organization to its success. Our team consists of employees who share a strong sense of public service. Over the last four decades, their collective dedication and commitment has been the foundation on which the BOI has evolved into the strong institution it is today.

The Board of Investment of Sri Lanka consists of a diverse team of employees. Since its early days in 1978, the BOI has provided an increasing number of opportunities for people from various backgrounds.

With investment promotion, regularization and support services being the central operation, the Board continues to be a desired institution for prospective employees who intend to create a promising career in the Government and Semi Government sector.

BOI APPROACH TO MANAGING PEOPLE

The BOI follows strong people centered practices. We ensure that all employees receive fair and equal opportunities in terms of career growth, employee support and professional development.

Our people management practices have ensured continued support for employees throughout their employment at the Board. People Management functions and respective practices are implemented and overseen centrally.

People management functions of the BOI range from recruitment & selection to Human Resources Department, welfare and disciplinary. We emphasize on demonstrating equality, impartiality and ethicality when executing people management practices. The Board of Investment is governed by government rules, regulations and policy decisions. Within these frameworks, the Board ensures that the people management practices are well in place to facilitate employee productivity and job satisfaction as well.

The Board of Investment of Sri Lanka plays a key role in national economy. As one of the few significant national bodies that contribute to the GDP, our employees are well aware of their responsibility in terms of the economic and social wellbeing of Sri Lankan citizens.

The people management functions are all aimed at supporting employees to fulfill their responsibility towards the nation. All of these functions are guided by policies that have been introduced to safeguard government institutions in terms of consistency and credibility.

Through recruitment and selection, we ensure that the right talent is attracted through a transparent process. Human Resources Development and welfare functions ensure that employees receive adequate support in terms of well-being, personal and professional development.

With all support systems in place, our employees are constantly encouraged to conduct themselves with responsibility and discipline. We have strong disciplinary policies in place to ensure that misconduct is addressed promptly, in order to mitigate any potential disruption to values of the BOI.

HUMAN RESOURCES POLICIES

All people practices within the BOI are governed by three comprehensive policies. The policies provide recommendations on best practices the Board should follow under each Human Resource function.

◆ HUMAN RESOURCES POLICY MANUAL

Human Resources Policy Manual governs all practices related to recruitment and selection; probation and confirmation; remuneration; working hours; attendance and holidays; performance appraisal; training and development.

The policy further provides direction in terms of promotions, transfers, demotions, working conditions, grievances and matters concerning trade unions. Compliance with this manual ensures integrity and credibility. Unless a justifiable deviance is allowed under special approval from the Board of Directors, we consistently adhere to the guidelines of the Human Resources Policy Manual.

◆ SCHEME OF RECRUITMENT

All practices under the recruitment function are implemented with adherence to the BOI Scheme of Recruitment. The scheme provides guidelines to be followed and criteria to be met when absorbing talent internally or externally.

◆ CODE OF DISCIPLINE

We encourage professionalism and strong work ethics within the BOI. We are committed to upholding our core values at all times. The BOI Code of Discipline provides recommendations on best practices concerning ethical conduct of employees. The Code of Discipline, under "Code of Conduct" and "Rules of Disciplinary Procedure" provides the necessary procedures to formally address any incident involving misconduct or lapse by employees of the Board.

COMPOSITION OF OUR PEOPLE

Our team in its entirety consists of 1262 members who are attached to the Head Office in Colombo and Export Processing Zones/Parks/Regional Offices located all-around the country.

The BOI structure is made of three employee categories in particular. A 47 per cent of our employment, which is a majority of the entire team, represents the Executive category. The Non-Executive category is made up of Management Assistants and the Preliminary Level Grade staff, with 22 per cent of the entire team being Management Assistants and 31 per cent at Preliminary Level Grade staff.

We continue to maintain a good gender balance among our employees. Equal opportunities are provided for growth and development. 34 per cent of our team is represented by female employees while 66 per cent is represented by male employees. We observe a continuous progress in terms of female representation in managerial positions. 136 Junior Managers, 123 Middle Managers and 24 Senior Managers of our team are females. The BOI has 36 Senior Managers who head departments and Export Processing Zones. 17 per cent of them are female employees while a majority 83 per cent are males. We intend to encourage more females to take over leadership positions within the BOI as we believe gender diversity is important for a progressive organization.

Executives 47%



**Non Executives &
Preliminary Level
Grade 53%**

Our team consists of employees from different educational and professional backgrounds. The diversity of their knowledge continues to benefit the Board tremendously. We have over 400 graduates and over 140 Master's Degree holders. Our talent pool has employees from various academic backgrounds including Business Administration, Science, Arts, Engineering, Public Management, Accounting, Social Science, and Customs Administration. Moreover, we have 59 membership holders of professional bodies.

We believe that continued professional development is highly important especially in the rapidly changing, aggressively competitive business we are in. The Board has introduced policies (comprehensive sponsorship policies, leave policies, and promotion) to support and encourage employees to pursue higher education and professional development.

THE ROLE OF HR

Since the global pandemic struck the country, our journey of growth has become more challenging and strenuous. The country is relying heavily on the Board of Investment in terms of restoring the economic stability.

As HR, we are responsible for the challenging task of supporting our people to deliver the best. During this time that we are trying to fully embrace the new normalcy, HR continues to explore how its role could be best utilized to deliver superior value to employees. We will continue to develop more agile and flexible work practices, focus on capability building, enhance technological innovation and provide the best platform for employees to grow into their best versions.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) demonstrates a way of holding a business socially accountable to good ethical practices and sustainable development goals while improving brand image and creating public awareness on social and environmental issues.

While encouraging its companies to actively take part in CSR activities, BOI itself engages in various pillars of corporate responsibility such as environment conservation, diversity and labor practices, and volunteerism.

Initiatives Taken to Minimize the Labour Shortages Issues Faced by Manufacturing Enterprises

BOI initiated several undertakings aimed at addressing labour shortages of its enterprises such as:

◆ **BOI Job Bank Portal**

The BOI has launched the BOI job bank portal in October 2021, as a free service to communicate to the general public of the opportunities available in the job market as a measure of social responsibility.

◆ **Employees Services Units (ESUs)**

Formation and operating of Employees Services Units (ESUs) in each zone to meet job seekers and management representatives of the enterprises where the job vacancies are available. The ESUs resumed its operations in September 2020 after the first wave of COVID-19 pandemic ceased.

◆ **Establishment of Day Care Centres and Pre-Schools**

Establishment of Day Care Centres and Pre-Schools in EPZs provide a tangible solution for employees who are willing to continue their jobs while keeping their kids in a secured place within the zones. This has resulted in reduced high labour turnover and facilitated creating an attractive impression of the zones for new recruits. The Day Care Centres at Katunayake EPZ, Biyagama EPZ & Mawathagama EPZ resumed services since September 2020.

It is during hardships the need arises for companies to execute their corporate responsibilities towards the society most efficiently. COVID-19 presented a platform for the generosity of the corporate sector.

Throughout the COVID-19 pandemic, many companies offered their products and services to uplift the lives of their employees and front line fighters against COVID -19 pandemic. BOI companies provided PPE to armed forces and health authorities. Most of the companies took measures to take care of their employees as well as family members by providing dry rations and even lodging facilities in rented hotels etc. Some enterprises even paid full salary for their employees during lockdown periods. Most of the enterprises spent a huge cost to provide additional transport facilities, sanitizing and PPE for their employees as per the health guideline. Further these enterprises still pay a huge cost for PCR / Antigen tests on their employees as per the guidelines issued by the Ministry of Health.

FINANCIAL HIGHLIGHTS - 2021

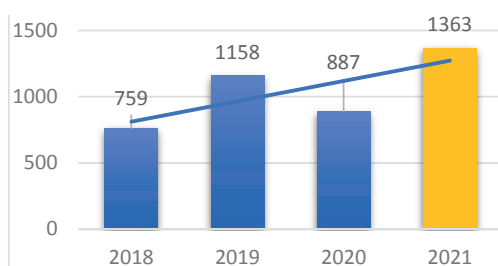
Financial Highlights For the Year Ended 31 December 2021	2021 (Rs. Mn)	2020 (Rs. Mn)	Change (%)	2019 (Rs. Mn)
Revenue	4,911	4,251	15.52	4,646
Total Operating Expenses	(3,788)	(3,591)	(5.49)	(3,773)
Operating Profit	1,123	660	70.15	873
Finance Income	330	322	2.48	411
Finance Expense	(10)	(14)	28.57	(11)
Surplus Before Taxation	1,443	968	49.07	1,274
Tax Expenses	(79)	(81)	2.47	(115)
Surplus After Taxation	1,363	887	53.66	1,158
Other Comprehensive Income	82	(75)	209.33	(51)
Total Comprehensive Income	1,445	812	77.96	1,107
Financial Position at the year End (Rs. Mn)				
Total Assets	64,533	53,127	21.46	44,158
Total Equity	62,785	51,868	21.05	42,685

Surplus

The Surplus after tax of the Board for the year 2021 increased to Rs. 1,363.41 Mn from Rs. 886.89 Mn reported in 2020 recording a growth of 53.73 per cent. This is a substantial achievement when compared in context of the challenges posed by operating environment and the difficulties due to the COVID - 19 Pandemic.

Surplus After Tax

LKR Mn

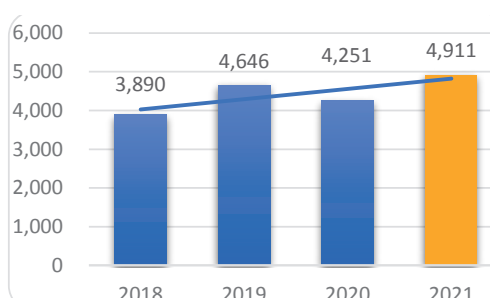


Revenue

Growth in Total Operating Revenue is Rs.659.88 Mn reflecting an increase of 15.52 per cent compared to the previous year. The Operating Revenue for the year under review is Rs.4,911.18 Mn whilst Rs.4,251.30 Mn was recorded for the year 2020. Revenue from ground rent, annual fees, import & export service charges, and income from water are the main contributors to the Operating Revenue of the Board accounting for 92.27 per cent of the Total Revenue. Miscellaneous Income for the period has increased by 121.31 per cent to Rs.227.48 Mn from Rs.102.79 Mn in year 2020. This is mainly due to recognition of Land Premium of closed down factories and compensation received, as income for the year.

Operating Revenue

LKR Mn

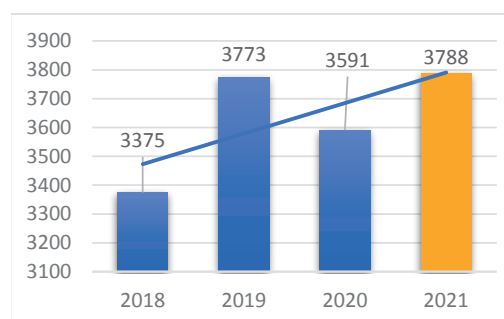


Operating Expenses

Total Operating Expenses increased by 5.49 per cent to Rs. 3,788.18 Mn for the year 2021 from Rs. 3,590.87 Mn in 2020. This was mainly due to the increase in the provision for impairment by 258.31 per cent in 2021. The Board's Cost to Income Ratio has decreased from 82.25 per cent in 2020 to 72.85 per cent in 2021 due to increase in Operating Revenue. Depreciation Expenses for the period has increased by 4.87 per cent compared to the previous year due to increase in expenditure on infrastructure development of the Export Processing Zones.

Operating Expenses

LKR Mn

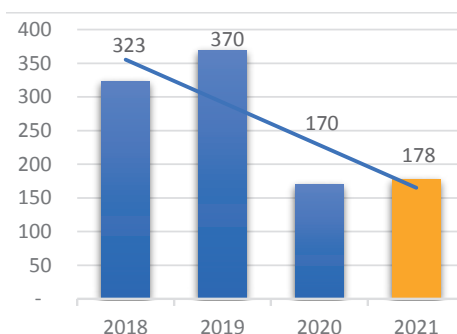


Contribution to Taxes

BOI contribution to indirect and direct taxes for the year amounted to Rs 178.10 Mn which is a growth of 4.64 per cent compared to the previous year. Disallowed VAT Input is recognized as an expense and has increased by Rs 10.33 Mn which is a growth of 11.71 per cent compared to the previous year. Total direct taxes of the Board comprise of Tax on Interest Income.

Taxation

LKR Mn



Financial Statements

(For the year ended 31st December 2021)

2021



BOARD OF INVESTMENT OF SRI LANKA**INCOME STATEMENT****FOR THE YEAR ENDED 31ST DECEMBER**

		2021	2020
		Rs.	Rs.
	Note		
Revenue	4	4,911,181,363	4,251,299,069
Less : Expenses			
Operating Expenses	6	286,687,112	273,552,379
Administrative Expenses	7	3,344,826,022	3,192,487,029
Government Levies	8	98,955,130	88,787,598
Other Expenses	9	57,713,652	36,038,612
Total Operating Expenses		3,788,181,916	3,590,865,618
Surplus from Operating Activities		1,122,999,447	660,433,451
Finance Income		329,766,108	321,579,138
Finance Expenses		10,216,636	13,873,362
Net Finance Income	10	319,549,472	307,705,775
Surplus Before Taxation		1,442,548,920	968,139,227
Tax Expenses		79,143,866	81,246,467
Surplus for the year		1,363,405,054	886,892,760

BOARD OF INVESTMENT OF SRI LANKA

COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2021 Rs.	2020 Rs.
Surplus for the year		1,363,405,054	886,892,760
Other Comprehensive Income			
Less : Defined benefit plan Actuarial Gain/(Loss)	21.1	81,555,310	(75,380,123)
Total Comprehensive Income for the year		1,444,960,364	811,512,637

"Notes to the Financial Statements " set out on pages 40 to 62 form an integral part of the Financial Statements.

BOARD OF INVESTMENT OF SRI LANKA

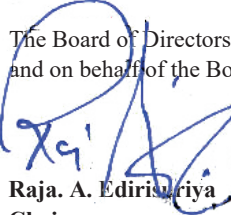
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER


	Note	2021 Rs.	2020 Rs.
ASSETS			
Non- Current Assets			
Property Plant and Equipment	11	16,447,957,171	6,159,405,466
Investment Property	12	38,874,669,885	38,854,205,189
Intangible Assets-Software		1,267,500	-
Capital Work-in-Progress	13	1,164,136,045	1,463,837,429
Financial Assets	14	574,020,996	643,278,444
Total Non- Current Assets		57,062,051,597	47,120,726,528
Current Assets			
Inventories		16,504,778	13,860,225
Houses For Disposal		-	2,551,000
Financial Assets	15	199,851,910	216,873,965
Receivables from Enterprises	16	318,462,069	480,733,989
Payments in Advance and Other Receivables	17	529,944,140	546,747,679
Cash and Cash Equivalents	18	6,406,252,781	4,745,108,178
Total Current Assets		7,471,015,678	6,005,875,037
Total Assets		64,533,067,276	53,126,601,565
EQUITY AND LIABILITIES			
Equity			
Accumulated Fund		32,050,723,381	20,911,194,024
Reserves		15,340,693,234	15,340,693,234
		47,391,416,615	36,251,887,258
Deferred Revenue	20	15,821,737,118	16,007,082,111
Deferred Expenditure	19	(428,295,356)	(390,763,524)
		15,393,441,762	15,616,318,587
Total Equity		62,784,858,377	51,868,205,846
Non Current Liabilities			
Retirement Benefit Obligations	21	278,808,543	370,952,018
Non Current Financial Liabilities	22	34,512,895	58,969,208
Total Non Current Liabilities		313,321,438	429,921,226
Current Liabilities			
Current Financial Liabilities	22	24,456,313	29,673,285
Accrued Expenses and Other Payables	23	1,386,146,594	787,247,092
Tax Payable		24,284,555	11,554,115
Total Current Liabilities		1,434,887,461	828,474,492
Total Equity and Liabilities		64,533,067,276	53,126,601,565

"Notes to the Financial Statements " set out on pages 40 to 62 form an integral part of the Financial Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board of Directors of Board of Investment of Sri Lanka.


Raja. A. Edirisuriya
Chairman


Jayamin Pelpola
Board Member


Renuka M. Weerakone
Director General


S.A.D.D. Suraweera
Executive Director - Finance

24-Feb-2022

BOARD OF INVESTMENT OF SRI LANKA

STATEMENT OF CHANGES IN EQUITY

AS AT 31ST DECEMBER 2021

	Accumulated Fund Rs.	Revaluation Reserves Rs.	Total Equity Rs.
Balance as at 01st January 2020	11,845,461,590	15,340,693,234.00	27,186,154,824
Total Comprehensive Income for the year	811,512,637	-	811,512,637
Contribution to the Consolidated Fund	(155,535,700)	-	(155,535,700)
Balance of Temporary Surplus Fund	(3,921,984)	-	(3,921,984)
Impact on Receivable Reinstatement due to vesting of Land -Cashew Corporation of Sri Lanka	423,360,000	-	423,360,000
Transactions for Treasury recognised directly through Equity	134,432	-	134,432
Recognition of Value of the New Lands through Government ownership (Prennial Real Estate Lanka	7,972,383,349	-	7,972,383,349
Lands vested to Government recognised directly through equity	(1,615,000)	-	(1,615,000)
Recognition of Assets in KGEZ	1,879,000	-	1,879,000
Recovery of Advance paid for land on behalf of Government, directly recognised through equity	(51,500,000)	-	(51,500,000)
Government Grant - Land directly recognised through Equity - BGEPZ	112,000,000	-	112,000,000
Impact on Rent Recovery directly recognised through Equity	(42,964,300)	-	(42,964,300)
Balance as at 31st December 2020	20,911,194,024	15,340,693,234.00	36,251,887,258
Balance as at 01st January 2021	20,911,194,024	15,340,693,234.00	36,251,887,258
Total Comprehensive Income for the year	1,444,960,364	-	1,444,960,364
Contribution to the Consolidated Fund	(415,945,716)	-	(415,945,716)
Revenue adjustments directly recognized through equity - Invoice Cancellation 2020. ¹	(3,904,116)	-	(3,904,116)
Revenue recognition due to changes in accounting treatment through Equity -WEPZ Housing Scheme. ²	1,149,000	-	1,149,000
Revenue recognition of Rent -2020 directly recognized through Equity ³	14,024,450	-	14,024,450
Transaction with Treasury directly recognized through Equity ⁴			
Recovery of Salaries & Allowances paid during the year 2021 ^{4.1}	(21,068,786)	-	(21,068,786)
Recovery of Salaries & Allowances payable to staff in 2022 receivable from Treasury. ^{4.2}	(51,492,525)	-	(51,492,525)
Impact on Rent & Other Receivable Recovery directly recognised through Equity ⁵	(11,492,973)	-	(11,492,973)
Transaction for Treasury - Infrastructure Development Projects. ⁶	(25,584,943)	-	(25,584,943)
Recognition of Assets directly through Equity ⁷	3,278,034	-	3,278,034
Land Premium Revenue written back directly through Equity ⁸	(35,093,432)	-	(35,093,432)
Government Grant - Land directly recognised through Equity - Arabokka Land ⁹	10,240,700,000	-	10,240,700,000
Balance as at 31st December 2021	32,050,723,381	15,340,693,234.00	47,391,416,615

1. Impact on changes in estimation of revenue due to Agreement cancellation in 2020 and Invoice adjustments have been directly recognized through Equity.

2. Impact on changes in Revenue recognition measurements on Housing Scheme of Wathupitiwal Export Processing Zone directly recognized through Equity .

3. Impact on changes in estimation of revenue from Rent in 2020 after signing the Agreement between Board and the Ministry of Tourism have been directly recognized

4. Transactions of Treasury recognised directly through Equity

4.1. The amount receivable from the Treasury on account of Salaries & Allowances paid during the year 2021 in respect of the 09 officers attached to the Special Unit set up as per the Cabinet Decision has been directly recognized through Equity.

4.2. The amount receivable from the Treasury on account of Salaries & Allowances payable in year 2022 in respect of the 08 officers attached to the Special Unit set up as per the Cabinet Decision has been directly recognized through Equity and shown as a Liability to the Treasury.

5. Overdue Rent and other receivables from the Ministry of Industrial Export & Investment Promotions and Ministry of Foreign Affairs and Ministry of External Affairs have been directly deducted from the Government ownership .

6. Expenditure incurred for facilitation of Infrastructure for Mega Projects have been directly recognised through Equity Account .

7. Direct recognition of assets which are not included in the Fixed Assets Register have been directly recognized through Equity.

8 .Impact on changes in Land Premium Revenue received against the property of the Competent Authority have been directly deducted from the Equity. This has been transferred to the Deposit against Compensation account which would be remitted to the Treasury.

9. Government of Sri Lanka has transferred a Land in extent of 951 Acres 2 Roods 31.2 Perches situated at Arabokka to establish an Export Processing Zone. Value of the Land has been directly recognised as Government Grant through Government ownership.

"Notes to the Financial Statements " set out on pages 40 to 62 form an integral part of the Financial Statements.

BOARD OF INVESTMENT OF SRI LANKA

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

	2021 Rs (Mn.)	2020 Rs (Mn.)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations (Note 24)	1,963.79	625.78
Income tax paid	(66.41)	(92.46)
Payment of retirement benefit obligation	(53.69)	(75.57)
Deferred revenue received	343.57	300.90
Building premium received	40.70	-
Land resection received	-	31.21
Net cash inflows/(out flows) from operating activities	2,227.96	789.86
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	296.98	347.97
Staff loan & financial assistance	85.38	11.12
Purchase of fixed assets	(36.82)	(45.92)
Purchase of intangible asset	(1.30)	-
Proceeds from sale of fixed assets	0.32	19.06
Expenses incurred on sale of fixed assets	(0.89)	-
Capital work in progress	(448.94)	(570.60)
Deferred expenditure	(6.24)	(3.03)
Facilitation of infrastructure mega projects	(0.06)	-
Net cash inflows/(outflows) from investing activities	(111.58)	(241.40)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease installments paid	(39.30)	(42.26)
Fund transfer to the Treasury	(415.95)	(159.46)
Refunds of Rada ela HEPZ	-	0.18
Advance survey charges	-	(0.05)
Compensation of Cashew Corporation	-	60.00
Net cash flows/(outflows) from financing activities	(455.25)	(141.59)
Net Increase/ (Decrease) in Cash & Cash Equivalents	1,661.14	406.89
Cash & Cash Equivalents at beginning of the year	4,745.11	4,338.22
Cash & Cash Equivalents at end of the year	6,406.25	4,745.11

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

1. *Reporting Entity*

Board of Investment of Sri Lanka is established under Board of Investment of Sri Lanka Law, No 4 of 1978. The registered office and the principal place of organization is located at West Tower, WTC, Echelon Square, Colombo 01.

2. *Basis of Preparation*

2.1 *Statement of Compliance*

The Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and Notes together with summary of significant accounting policies of the Board have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) issued by The Institute of Chartered Accountants of Sri Lanka which represent International Financial Reporting Standards issued by the International Accounting Standard Board.

2.2 *Use of Estimates, Judgements and Assumptions*

The preparation of the Board's Financial Statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and underlying assumptions are reviewed on an ongoing basis. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2.3 *Going Concern*

When preparing the Financial Statements the Management has assessed the ability of the Board to continue as a going concern. The Management has a reasonable expectation that the Board has adequate resources to continue in operational existence for the foreseeable future. The Board does not foresee a need for liquidation or cessation of operations, taking into account all available information about the future. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements.

2.4 *Functional and Presentation Currency*

The functional currency of the Board is determined to be Sri Lankan Rupees and the Financial Statements are also presented in Sri Lankan Rupees.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3 *Significant Accounting Policies*

3.1 *Financial Assets*

The Board classifies its financial assets in to loans and receivables and financial assets measured at fair value in investments. The classification is determined by Management at initial recognition and depends on the purpose for which the investments were done acquired and its contractual cash flow characteristics.

(a) *Classification*

(i) *Loans and Receivables*

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from ordinary transactions are also classified in this category and are reviewed for impairment.

(ii) *Financial Assets Measured at Fair Value – (Held-to- Maturity Financial Assets)*

Financial assets measured at fair value are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's Management has the positive intention and ability to hold to maturity. These financial assets are classified at fair value in the Statement of Income on recognition.

(b) *Impairment*

Financial assets are reviewed at each Statement of Financial Position date, to determine whether there are any expected credit losses. If any such indication exists, the assets recoverable amount is estimated. The Board measures the Expected Credit Losses based on an evaluation across all categories of Financial instruments. These estimates are driven by a number of factors such as time value of money, breach of condition of contract, customer situation analysis, sub group of receivables, payment profiles of debtors, collateral values, the assessment of a significant increase in credit risk, financial difficulties of the customers, legal issues, reasonable and supportable information and forecast of future economic conditions.

An impairment loss is recognized whenever the carrying amount of an assets or it's cash generating units exceed its recoverable amount. Impairment losses are recognized in the Income Statement.

(c) *De-recognition*

Impairment losses recognized in prior period are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is de-recognized if there has been a change in the estimates used to determine the recoverable amount.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.2 *Property, Plant and Equipment*

(a) *Recognition and Measurement*

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items, and restoring the site on which they are located.

Value of property plant and equipment carried at valuation less accumulated depreciation as at 1st January 2011 have been considered being the deemed cost as at 1st January 2011 as per SLFRS 1 for the Revalued Assets.

(b) *Depreciation*

Depreciation is calculated on the straight-line basis on the cost/ valuation of all items of Property, Plant and Equipment and is recognized in the Income Statement. Depreciation is charged on fixed assets in the year of purchase when it is available for use. Property Plant and Equipment have been depreciated annually over the useful lives. Freehold Land is not depreciated.

<u><i>Class of Assets</i></u>	<u><i>Depreciation percentage per annum</i></u>	<u><i>Period (years)</i></u>
Buildings & Structures	5	20
Plant and Machinery	10	10
Fixtures & Fittings	10	10
Office Furniture & Equipment	10	10
Computers	33.33	3
Motor Vehicles	20	5

(c) *De-recognition*

Items of property and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or loss arising on de-recognition of an item of Property, Plant and Equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognized in the Income Statement.

(d) *Subsequent Expenditure*

The cost of replacing, developing, constructing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the Statement of Income and Other Comprehensive Income as incurred.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(e) *Gain/Loss from Sale of Property, Plant and Equipment*

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sale occurs and is classified as Other Operating Income or Expense.

(f) *Capital Work in Progress*

Capital expenses incurred during the year which are not completed as at the Statement of Financial Position date, are shown as Capital Work in Progress. These are stated at cost less any accumulated impairment losses. Capital Work in Progress is transferred to relevant assets category which are Property, Plant and Equipment, differed expenditure and expenditure incurred for Mega Projects, when it is in the location and condition for necessary it to be capable of operating of the manner intended by the Management.

(g) *Leasehold Assets*

Assets acquired under financial liabilities are capitalized & included under the category of leasehold motor vehicles with recognition of a corresponding financial liability. Assets held under financial liabilities are depreciated over their period of use.

(h) *Structures*

Fair Values of Structures have been assessed under seven main sub categories. All items and components connected with each main sub category are considered as forming part of one unit.

3.3

(a) *Investment Properties*

Investment Properties are stated at cost prevailed (cost model) as of the date of classifying the said assets under Investment Properties.

Investment Property is recognized if it is probable, that future economic benefits that are associated with the Investment Property will flow to the Board and cost of the Investment Property can be reliably measured. Properties held to earn rental income have been classified as Investment Property. Fair value of the investment properties are not measured and No valuation has been carried out by an independent valuer who holds recognized and professional qualification of investment property.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits is expected from its disposal.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) *Depreciation (Amortization)*

Depreciation is calculated on the straight-line basis on the cost/valuation of the Investment Property other than land. Investment Property have been depreciated annually over the useful lives as follows.

<u>Class of Assets</u>	<u>Depreciation Percentage</u> <u>per annum</u>	<u>Period</u> <u>(years)</u>
Buildings	5	20

3.4 *Intangible Assets*

(a) *Recognition and Measurement*

Intangible assets that are acquired by the Board, which have finite useful lives are recognized and carried at cost less accumulated amortization and impairment losses.

(b) *Amortization*

Amortization is recognized in the Statement of Income and Other Comprehensive Income on a straight-line basis, over the estimated useful lives of intangible assets from the date that they are available for use.

<u>Class of Assets</u>	<u>Depreciation Percentage</u> <u>per annum</u>	<u>Period</u> <u>(years)</u>
Software License- Kiosk	5	20

(c) *Retirement and Disposal*

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.5 *Inventories*

All inventories have been valued at lower of Cost or Net Realizable Value. Cost is determined based on First in First Out basis. (FIFO)

3.6 *Other Assets*

Other assets include Other Debtors, Receivables, Advances, Deposits and Prepayments.

(a) *Advances, Deposits, Prepaid Expenditure*

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) Other Debtors

Other debtors are recognized at cost less impairment loss. A total of Rs.507,650.00 is reflected under Other Receivables as cash shortage at Head office. The Court Case is still pending.

3.7 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments.

3.8 Cash Flow Statement

The Cash Flow Statement has been prepared by using indirect method in accordance with the Sri Lanka Accounting Standard No. 7 (LKAS) on Cash Flow Statements.

3.9 Employee Benefits

(a) Defined Contribution Plans

Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with the respective statutes and regulations. The Board pays fixed contributions of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund and will have no legal or constructive obligation to pay further amounts.

(b) Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. Board is liable to pay Gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on an actuarial valuation.

3.10 Liabilities & Provision

Liabilities & Provisions are recognized in the Statement of Financial Position when there is a legal /constructive obligation at present, as a result of past events where the settlement is expected to result in an outflow of resources embodying economic benefits.

Obligations payable on demand of the creditor or within one year of Statement of Financial Position date are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the Statement of Financial Position are treated as non-current liabilities in the Statement of Financial Position.

Other Liabilities

Other liabilities include other creditors including Accrued Expenditure. These are stated at their historical value which is deemed to be their fair value.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.11 *Income Recognition*

Revenue from services/fees is measured at fair value of the consideration received or receivable. License Fee and Agreement processing Fees are recognized on cash basis.

- **Ground Rent**

Lease Agreements are signed with Investors to lease land belonging to the BOI for periods ranging from 30 years to 99 years. According to the provisions in the Lease Agreements the Investors are bound to pay a Ground Rent annually, in respect of the demised premises over the lease period or until the Agreement is terminated.

- **Annual Fees**

All BOI Enterprises which come under Section 17 of the BOI Law shall enter into an Agreement with the BOI and those Enterprises which operate outside BOI Zones are liable to pay an annual subscription in terms of the agreement until its closure, suspension of operations or cancellation of the Agreement.

- **Land Premium**

All Investors who enter into Lease Agreements to lease BOI land are required to make an upfront payment as Land Premium at the time of signing the Agreement. The above income is recognized over the lease period specified in the Agreement.

(a) *Interest Income*

Interest income for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'Finance Income' in the Income Statement.

(b) *Other Income*

Other income is recognized on an accrual basis.

3.12 *Expenses*

Expenses Recognition

(a) *Revenue Expenditure*

All expenses are measured at fair value of the consideration given and recognized in the period to which those expenses relate. The surplus earned by the Board as shown in the Income Statement is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) *Capital Expenditure*

Expenditure incurred for the purpose of extending or improving assets of a permanent nature by means to carry on the organization or for the purpose of increasing the service/product capacity of the organization has been treated as Capital Expenditure.

Gains or losses, on the disposal of Property, Plant and Equipment, are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

(c) *Finance Income and Finance Expenses*

Net Finance Income comprise of interest on funds invested/deposited, staff loan and interest on financial liabilities that are recognised in the Statement of Income and Other Comprehensive Income.

All interest and other costs incurred in connection with borrowings/finance leases are expensed as incurred, as part of Net Finance Income, except to the extent which is eligible for capitalization.

3.13 *Statement of Cash Flows*

The Cash Flow Statement has been prepared using the indirect method in accordance with the Sri Lanka Accounting Standard No. 7 – Statement of Cash Flows (LKAS 7).

3.14 *Related Party Transactions*

The relevant details are disclosed in the respective Notes to the Financial Statements.

3.15 *Taxation*

Income Tax is based on the elements of interest income as reported in the Financial Statements and computed in accordance with Provisions of Inland Revenue Act No.24 of 2017 and amendments thereto.

3.16 *Changes in Accounting Policies*

Property Plant & Equipment were previously not depreciated in the year of purchase and depreciation was charged in full in the year of disposal. This has been changed with effect from 01st January 2019 and depreciation is charged in the year of purchase when it's available for use.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

		2021 Rs.	2020 Rs.
4	Revenue		
	Ground Rent	1,283,092,798	1,234,193,458
	Annual Fees	752,202,429	809,273,013
	Import/Export Service Charges	1,366,296,635	1,094,500,704
	Net Income from Supply of Water (Note 4.1)	419,369,228	341,213,840
	Land Premium	364,325,850	229,911,751
	Rent Income	152,297,917	136,733,937
	License Fee Sec.-16 Enterprises	30,136,225	29,280,762
	Sale of Entry Permits	222,097,426	189,420,199
	Agreement Processing Fees	48,274,424	45,589,586
	Income from Housing & Other Projects	45,610,419	38,389,826
	Miscellaneous Income	227,478,011	102,791,993
		4,911,181,363	4,251,299,069

4.1 Net Income from Supply of Water for Enterprises

Income from Water Supply	1,536,723,353	1,278,941,352
Related Cost on Water Supply	(1,117,354,125)	(937,727,512)
Net Income from Supply of Water	419,369,228	341,213,840

5 Surplus from Operations

Surplus from Operations is stated after charging/(crediting) all expenses including the following.

Operating Expenses (Note 6)	286,687,112	273,552,379
Administrative Expenses (Note 7)	3,344,826,022	3,192,487,029
Government Levies (Note 8)	98,955,130	88,787,598
Other Expenses (Note 9)	57,713,652	36,038,612

6 Operating Expenses

Investment Promotion Expenses	7,231,655	1,642,807
Maintenance of Zones	169,157,823	157,418,827
Light & Power	40,298,102	39,898,685
Security Services	68,143,893	72,982,132
Welfare Expenses to Zone Employees	1,855,640	1,609,927
	286,687,112	273,552,379

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

	2021 Rs.	2020 Rs.
7 Administrative Expenses		
Personnel Cost (Note 7.1)	1,812,491,010	1,897,646,414
Staff Welfare Expenses	272,763,954	269,151,921
Printing & Stationery	23,093,642	21,873,018
Maintenance of P/M Computer & Office Equipment's.	52,973,551	47,087,316
Building Maintenance	81,588,132	79,540,883
Transport Related Expenses	117,407,069	104,193,889
Office Rent & Verification Unit Rent	69,734,772	71,456,962
Press Notifications	6,296,773	4,410,440
Water Consumption	4,660,986	4,059,151
Communication Expenses	34,232,836	31,384,658
Municipality Rates	15,907,658	15,907,708
Staff Training	3,642,596	5,091,189
Legal & Professional Charges	52,029,733	13,258,671
Compensation for Legal Obligations	5,000,000	-
Travelling & Subsistence	2,906,730	3,164,798
Audit Fees	3,000,000	2,046,000
Impairment on Debtors	190,231,530	53,091,966
Depreciation	596,865,053	569,122,046
	3,344,826,022	3,192,487,029
7.1 Personnel Cost		
Board Members Fee	80,000	110,000
Chairman / Director General	12,693,333	18,671,667
Salaries & Wages - Executive Staff	581,587,870	620,921,185
Salaries & Wages - Clerical & Allied Staff	109,687,025	111,970,599
Salaries & Wages - Security Staff	77,391,248	73,727,133
Salaries & Wages - Minor Staff	131,059,276	140,767,389
Overtime	55,752,709	83,815,666
Provision for Leave Encashment	101,960,857	100,043,284
Provision for Bonus	104,658,477	76,217,057
Provision for Retirement Benefit Obligation	12,570,313	18,687,529
Contribution to Employee's Provident Fund	127,904,268	134,181,287
Contribution to Employee's Trust Fund	25,580,854	26,836,259
K.P.P.Allowance	455,374,445	474,524,560
Professional Allowance	15,450,011	15,037,661
Other Staff Cost	740,323	2,135,138
	1,812,491,010	1,897,646,414

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

	2021 Rs.	2020 Rs.
8 Government Levies		
Stamp Duty	417,045	575,689
Value Added Tax - Disallowed VAT Input	98,538,085	88,211,909
	98,955,130	88,787,598
9 Other Expenses		
Expenses on Issuing Identity Cards	1,998,047	2,159,008
Sundry Expenses	15,369,440	14,982,075
Loss on Disposals of Property Plant & Equipments	11,278,087	-
COVID 19 Expenses	21,546,568	11,568,380
Container Key Locks	2,407,286	2,063,905
Insurance	3,097,489	3,030,587
Environment Control Expenses	532,059	612,229
Corporate Social Responsibility Expenses	750,000	1,092,294
Entertainment	734,677	530,136
	57,713,652	36,038,612
10 Net Finance Income		
Finance Income		
Interest Income on Call Deposits/Others	298,012,865	290,973,904
Interest Income on Staff Loans	31,753,243	30,605,233
Total Finance Income	329,766,108	321,579,138
Finance Expenses		
Interest on Lease Liabilities	9,630,624	13,182,337
Bank Charges	586,013	691,025
Total Finance Expenses	10,216,636	13,873,362
Net Finance Income	319,549,472	307,705,775

BOARD OF INVESTMENT OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31st DECEMBER 2021

11 Property, Plant and Equipment

Freehold Assets at Cost	Land		Buildings		Structures		Plant & Machinery		Fixtures & Fittings		Furniture, & Office Equipment		Computers		Motor Vehicles		Total		Total	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Balance as at 01 st January	1,092,876,363	1,892,498,789	7,079,809,353	101,995,180	945,194	196,735,814	269,108,522	247,793,949	10,881,763,164	9,550,734,109										
Additions during the year	10,240,700,000		518,962	5,249,540	250,690	8,226,220	26,094,266	44,000	10,281,083,678	305,891,744										
Transferred from Capital Work in Progress	61,026,450	81,510,090	446,476,581	13,034,162	33,036	6,749,099	849,101		609,678,519	1,064,509,335										
Disposal during the year			35,095,861	5,343,527		450,049	1,769,151	18,350	42,676,938	51,215,706										
Transferred to Investment Property	10,543,551								10,543,551											
Transferred from Investment Property																				
Balance as at 31st December	11,384,059,262	1,974,008,879	7,491,709,035	114,935,355	1,228,920	211,261,084	294,282,738	247,819,599	21,719,304,872	10,881,763,164										
Depreciation																				
Balance as at 01 st January		1,058,310,581	3,247,324,736	45,564,735	551,719	122,344,492	225,708,725	195,705,858	4,895,510,846	4,441,439,430										
Dep.of disposed AC machine erroneously in 2020				290,322					290,322											
Charge for the year		96,798,145	357,277,802	8,580,944	93,572	12,922,755	30,789,642	13,736,838	520,199,698	493,168,190										
On Disposals			24,407,064	5,325,095		435,756	1,767,752	18,350	31,954,017	39,096,774										
Dep.trnf to Investment Property																				
Balance as at 31st December	-	1,155,108,726	3,580,195,474	49,110,906	645,291	134,831,491	254,730,615	209,424,346	5,384,046,849	4,895,510,846										
Written Down Value of Freehold Assets																				
As at 31 st December	11,384,059,262	818,900,153	3,911,513,561	65,824,449	583,629	76,429,593	39,552,123	38,395,253	16,335,258,023	5,986,252,318										
Leasehold Assets																				
Balance as at 01 st January								391,136,071	391,136,071	359,406,071										
Additions during the year																				
Disposal During the year																				
Total Leasehold Assets																				
								391,136,071	391,136,071	391,136,071										
Depreciation																				
Balance as at 01 st January																				
Charge for the year								217,982,923	217,982,923	158,153,120										
On Disposals								60,454,000	60,454,000	59,829,803										
Balance as at 31st December	-	-	-	-	-	-	-	-	-	-										
Written Down Value of Leaseholds Assets																				
As at 31 st December																				
								112,699,148	112,699,148	173,153,148										
Written Down Value of Assets																				
As at 31 st December	11,384,059,262	818,900,153	3,911,513,561	65,824,449	583,629	76,429,593	39,552,123	151,094,401	16,447,957,171	6,159,405,466										

As at 31st December 2021, Motor Vehicles acquired under Finance Leases amounted to Rs 391,136,071.00 They are mainly related to Property used in administration. The liability relating to these assets are shown under Note 22 "Non Current Financial Liabilities".

Property, Plant and Equipment includes fully depreciated assets which are in use, the cost of which as at the reporting date amounted to Rs. 605,063,456.45 (Note No 11.2)

BOARD OF INVESTMENT OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2021

11.2 Property, Plant and Equipment (Contd.)

The initial cost of fully-depreciated property, plant and equipment as at 31 December which are still in use as follows:

AS AT 31ST DECEMBER	No of Items	2021 Rs.	2020 Rs.
Plant & Machinery	167	20,291,947	23,438,006
Fixtures & Fittings	41	199,204	166,604
Furniture, & Office Equipment	11,470	80,765,804	73,124,174
Computers	4,591	200,631,050	168,544,456
Motor Vehicles	102	303,175,451	267,994,972
Total Fully Depreciated Property, Plant & Equipments	16,371	605,063,456	533,268,212

12 Investment Property

Balance as at 1 st January	39,029,444,336	31,232,480,683
Transferred from Property Plant & Equipment - Land	10,543,551	-
Additions during the year	26,100,000	7,812,342,335
Transferred to Property Plant & Equipment-Land	-	11,843,682
Disposals during the year	-	3,535,000
Less -Accumulated Amortization as at 31 st December	191,418,002	175,239,147
Balance as at 31st December	38,874,669,885	38,854,205,189

13 Capital Work-in-Progress

General Projects

Balance as at 1 st January	1,175,641,009	1,635,139,091
Additions during the year	441,226,010	633,828,089
Capitalized during the year	(748,644,857)	(1,081,836,814)
Refunds & Adjustments	24,244,793	(11,489,355)
Balance as at 31st December	892,466,954	1,175,641,010

Special Projects

Balance as at 1 st January	268,155,536	327,175,556
Capitalized during the year	-	(7,282,006)
Additions during the year	20,149,343	6,490,463
Transferred to General Projects under Capital Work-In-Progress	(36,676,671)	(58,228,477)
Balance as at 31st December	251,628,207	268,155,536

Software Assets -IT Enablement Project

20,040,883	20,040,883
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Total Capital Work-in-Progress

1,164,136,045	1,463,837,429
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Advance payments on preliminary and development expenses on Special Projects which can not be estimated and classified initially or as at Balance Sheet date have been shown under Capital Work-In-Progress (CWIP) until those projects are completed. Cost of the ongoing software solutions are shown under CWIP.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

14 Non Current Financial Assets

	2021 Rs.	2020 Rs.
Staff Loans & Advances (Note 14.1)	574,020,996	643,278,444
Total Non Current Financial Assets (Note 14.3)	574,020,996	643,278,444

Rs.202,776,009 the part less than one year of other non current financial assets is included under other current financial assets.

14.1 Staff Loans & Advances

	2021 Rs.	2020 Rs.
Staff Loans & Advances-Maturity part more than one year (Note 14.3)	574,020,996	643,278,444
Staff Loans & Advances - Maturity part less than one year (Note 15)	202,776,009	216,078,267
Total Staff Loans & Advances	776,797,006	859,356,711

14.2 Financial Assistance Programme

Balance as at 1 st January	16,120,956	16,120,956
Repaid during the year	(16,120,956)	-
Balance as at 31 st December before Provision of Impairment	-	16,120,956
Less - Provision for Impairment	-	(16,120,956)
Balance as at 31 st December after Provision for Impairment	-	-

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2021

14.3 Non Current Financial Assets

Financial Assets (Loans and receivables) measured at amortized cost break down by maturity date is as

	31.12.2021 Rs.	Maturity	
		Between 1 and 05 years	After 05 years
Staff Loans & Advances	574,020,996	421,528,263	152,492,734
Total Non Current Financial Assets	574,020,996	421,528,263	152,492,734

	31.12.2020 Rs.	Maturity	
		Between 1 and 05 years	After 05 years
Staff Loans & Advances	643,278,444	453,214,965	190,063,478
Total Non Current Financial Assets	643,278,444	453,214,965	190,063,478

AS AT 31ST DECEMBER

15 Current Financial Assets

Measured at amortized cost maturity part less than one year

Staff Loans	187,991,472	195,383,730
Staff Advances	14,784,538	20,694,538
Total Staff Loans & Advances as at 31 st December	202,776,009	216,078,267
Less-Provision for Impairment on Staff loan (Note 15.1)	(2,944,099)	(6,205,699)
	199,831,910	209,872,568

Financial Assets measured at Fair Value

Fixed Deposit - State Mortgage & Investment Bank	-	6,981,397
Fixed Deposit	20,000	20,000
Total Current Financial Assets	199,851,910	216,873,965

15.1 Provision for Impairment on Receivables - Staff Loans &

Balance as at 1 st January	6,205,699	2,740,570
Provision made during the year	(3,261,600)	3,465,129
Balance as at 31 st December	2,944,099	6,205,699

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

16 Receivables from Enterprises

	2021 Rs.	2020 Rs.
Receivables from Enterprises	737,308,542	925,994,795
Annual Fee written off during the year	-	(136,487,046)
Less-Provision for Impairment on Receivables - (Note 16.1)	(418,846,474)	(308,773,759)
	318,462,069	480,733,989

16.1 Provision for Impairment on Receivables

Balance as at 1 st January	308,773,759	410,118,417
Written off during the year	(31,776,607)	(136,487,046)
Provision made during the year	141,849,321	35,142,388
Balance as at 31 st December	418,846,474	308,773,759

17 Payments in Advance and Other Receivables

Advance Payments	1,542,215	1,545,880
Advance Payments Foreign Travel	569,999	569,999
Sri Lanka Mission Abroad	362,000	354,578
Mobilization Advances	131,564,554	63,158,341
Prepaid Expenses	16,894,833	12,599,119
Interest Income - Receivables	58,492,077	25,702,713
Deposit Receivables	12,991,572	12,889,572
Deposit Against Pending Litigation	106,119,518	106,119,518
Other Receivables	348,861,816	403,497,638
Less-Provision for Impairment on Receivables (17.1)	(147,454,444)	(79,689,679)
	529,944,140	546,747,679

17.1 Provision for Impairment on Other Receivables

Balance as at 1 st January	79,689,680	65,205,230
Provision made during the year	67,764,764	14,484,450
Balance as at 31 st December	147,454,444	79,689,680

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

	2021 Rs.	2020 Rs.
18 Favourable Cash & Cash Equivalents		
Bank of Ceylon - Personal Branch	159,946,531	238,818,677
Bank of Ceylon - Personal Branch	97,200	97,200
Bank of Ceylon - Personal Branch	885,719	652,092
Sampath Bank PLC-WTC Branch	316	5,416
Bank of Ceylon -Katunayake	28,014,660	16,855,385
Bank of Ceylon -Biyagama	70,605,608	61,995,055
Bank of Ceylon - Koggala	10,890,186	5,040,336
Bank of Ceylon - Digana	13,319,375	9,129,436
Bank of Ceylon -Avisawella	18,982,841	20,716,854
Bank of Ceylon -Ingiriya	16,006,721	12,115,950
Bank of Ceylon - Mirigama	178,020	6,127,116
Bank of Ceylon - Nittambuwa	1,717,518	6,259,571
Bank of Ceylon - Kurunegala	14,705,780	5,615,349
Gold Sovereign	44,800	44,800
Balance in Franking Machine	342,758	323,407
National Savings Bank - Staff Security Deposits	210,276	202,771
Plan Assets for Gratuity - Treasury Bonds	457,935,021	366,389,621
Repurchase Agreements	5,612,369,450	3,994,719,142
Total Cash and Cash Equivalents	6,406,252,781	4,745,108,178

19 Deferred Expenditure

Expenditure incurred on interior decorations ,carpeting and partitions are recognized in the income statement on a straight line basis over the estimated useful life of 10 years. Amortization of Cost of Zone Development is recognized over 20 years.

	2021 Rs.	2020 Rs.
Balance as at 1 st January	390,763,524	417,422,964
Expenditure Deferred during the year	93,583,678	27,634,505
Less - Current year expenditure	(56,051,846)	(54,293,945)
Balance as at 31 st December	428,295,356	390,763,524

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

		2021	2020
		Rs.	Rs.
20	Deferred Revenue		
	Land Premium	15,771,364,881	15,992,458,866
	Grant	11,594,181	14,623,245
	Upfront Payment on Leased Buildings	38,778,056	-
		15,821,737,118	16,007,082,111

20.1 Deferred Revenue - Land Premium

Balance as at 1 st January	15,992,458,866	15,898,298,040
Received during the year	328,390,578	300,898,053
Income reversal - under utilization Act.	35,093,432	-
Trf from reservation account	15,181,584	23,089,099
Recognized income through Income Statements	(233,878,823)	(229,826,326)
Charge - Cancelled Project	(130,447,027)	
Compensation a/c - under utilization Act.	(217,992,695)	
Dues Recover- cancelled project	(17,441,034)	
Balance as at 31 st December (Note 20.1.1)	15,771,364,881	15,992,458,866

20.1.1 Deferred Revenue

		Maturity		
	31.12.2021	Within 01	Between 1	After
	Rs.	year	and 05 years	5 years
Land Premium	15,771,364,881	233,878,823	1,169,394,115	14,368,091,943
	15,771,364,881	233,878,823	1,169,394,115	14,368,091,943

		Maturity		
	31.12.2020	Within 01	Between 1	After
	Rs.	year	and 05 years	5 years
Land Premium	15,992,458,867	229,826,326	1,149,131,628	14,613,500,913
	15,992,458,867	229,826,326	1,149,131,628	14,613,500,913

Deferred income liabilities principally relate to Land Premium Income received from Enterprises, for which revenue is recognised over the period of time throughout the agreement period. The revenue recognition in the agreement is applied separately to each agreement and that amount is recognised as revenue over the period.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST DECEMBER		2021	2020
20.2	Deferred Revenue - Grant	Rs.	Rs.
	Balance as at 1 st January	14,623,245	17,652,309
	Recognized income through Income Statements	(3,029,064)	(3,029,064)
	Balance as at 31 st December	11,594,181	14,623,245

Grant from the Japanese Government is recognized as Non Current Assets at their fair value. Grant is recognized as income over the period to match with the depreciation expenses on those assets.

20.3 Upfront Payment on Leased Buildings

The Board has leased out factory buildings on long term basis and the value of the buildings collected upfront have been shown under the Deferred Revenue. The revenue recognition in the agreement is applied separately to each agreement and that amount is recognised as rent revenue over the lease period.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

	2021 Rs.	2020 Rs.
21 Retirement Benefit Obligations		
Present Value of Defined Benefit Obligations as at 01 st January	370,952,018	329,992,061
Interest Cost	33,385,682	36,299,127
Current Service Cost	12,159,697	16,947,504
Actuarial (Gain)/Loss on obligations	(83,999,649)	63,283,259
Less - Payments made/payable during the year	(53,689,205)	(75,569,933)
Provision as at 31 st December	<u>278,808,543</u>	<u>370,952,018</u>
21.1 Movement in the Present Value of Plan Assets		
Fair Value of Plan Assets	366,389,621	314,173,657
Expected Return on Plan Assets for the period	32,975,066	34,559,102
Contribution paid into the plan	99,999,984	58,507,085
Gratuity paid / payable by the Plan Assets	(38,985,311)	(28,753,359)
Actuarial Gain / (Loss) on Plan Assets	(2,444,339)	(12,096,865)
Fair Value of Plan Assets	<u>457,935,021</u>	<u>366,389,620</u>
21.2 Expenses Recognized in the Income Statement		
Interest Cost	33,385,682	36,299,127
Expected Return on Plan Assets	(32,975,066)	(34,559,102)
Current Service Cost	12,159,697	16,947,504
Actuarial Gain/(Loss)	81,555,310	(75,380,123)
Total Amount Recognised in Income Statement	<u>(68,984,997)</u>	<u>94,067,652</u>
21.3 Plan Assets consists of the following		
Treasury Bonds	457,935,021	366,389,621
Total of Gratuity Plan Assets	<u>457,935,021</u>	<u>366,389,621</u>

An independent actuarial valuation of the Retirement Benefit Obligation was carried out as at 31st December 2021 by professional actuary M/S Actuarial & Management Consultants (Pvt) Limited. The valuation method used by the Actuary to value the Retirement Benefit Obligation is "Projected Unit Credit Method". Board maintains a separate plan assets consisting investment in Treasury Bonds. The contribution to the Plan Assets by th Board are based on Actuarial Valuation

The Key Assumptions used by Actuary includes the following.

	2021	2020
(i) Discount Rate	11.6%	9%
(ii) Salary Increment Rate	1.5 p.a.	1.5 p.a.
(iii) Assumption regarding Future Mortality	A1967/70	A1967/70
(iv) Retirement Age	62 Years	60 Years

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

	2021	2020
	Rs.	Rs.
22 Non Current Financial Liabilities		
Balance as at 1 st January	108,484,231	128,096,546
Finance Lease obtained during the year	-	22,645,740
Installments paid during the year	(39,303,909)	(42,258,055)
Total Undiscounted Lease Liabilities as at 31st December	<u>69,180,322</u>	<u>108,484,231</u>
Lease Liabilities included in the Statement of Financial Position		
Current Financial Liabilities (Falling within one year)	24,456,313	29,673,285
Non Current Financial Liabilities (Falling after one year)	34,512,895	58,969,208
Total Payable Finance Liabilities - Lease	<u>58,969,208</u>	<u>88,642,493</u>
Amount Recognised in Income Statements Interest on Lease Liabilities		
Interest on Lease Liabilities	9,630,624	13,182,337
Total Interest on Lease Liabilities	<u>9,630,624</u>	<u>13,182,337</u>
23 Accrued Expenses and Other Payables		
Sundry Creditors	185,546,600	73,720,987
Accrued Expenses	220,728,901	247,080,811
Dividend Payable to Treasury	415,945,716	-
Gratuity Payable	1,308,391	388,310
Funds received for Commonwealth FDI Promotion	917,160	917,160
Dialog - Subsidy	182,849	422,849
Receipts in Advance	191,484,148	155,038,085
Refundable Deposits	125,324,259	128,320,419
Land Reservation Fees	109,000,367	111,872,769
Deposit Payable	135,708,204	69,485,701
Total Operating and Other Payables	<u>1,386,146,594</u>	<u>787,247,092</u>

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER

	2021 Rs (Mn.)	2020 Rs (Mn.)
24 CASH GENERATED FROM OPERATIONS		
Surplus after income tax	1,444.96	811.51
Depreciation	596.83	569.12
Amortization on intangible asset	0.03	-
Income tax expense	79.14	81.25
Provision for retirement benefit obligation	45.55	53.25
Acturial (Gain) / Loss on obligation	(84.00)	63.28
Provision for impairment of debtors	190.23	53.09
Impairment written off	(31.78)	-
Deferred revenue - Land premium	(364.33)	(229.83)
Deferred Revenue - Grant	(3.03)	(3.03)
Deferred Revenue - Building premium	(1.92)	
(Profit)/Loss on sale of fixed assets	11.28	(6.94)
Investment income	(329.77)	(321.58)
Interest on lease	9.63	13.18
WEPZ houses - profit	1.15	-
Office rent invoices related to 2020	14.02	-
Amortization of deferred expenditure	56.05	54.29
Operating surplus before working capital changes	1,634.06	1,137.59
Working capital changes		
Stocks	(2.64)	(3.59)
Houses For Disposal	2.55	-
Receivables from enterprises	19.50	(243.35)
Payment in advance & other receivables	(18.31)	(11.48)
Financial assets	20.28	(13.86)
Accrued expenses & other payables	308.35	(239.55)
Operating surplus after working capital changes	1,963.79	625.76

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

25. *Related Party Disclosures*

Board of Directors

1. Mr. Sanjaya Mohottala, Chairman - No business transactions have been entered into with the BOI in 2021
2. Mr. Sanjay Kulatunga, Board Member - No business transactions have been entered into with the BOI in 2021
3. Dr. Harsha Cabral, PC, Board Member- No business transactions have been entered into with the BOI in 2021
4. Mr. Jayamin Pelpola, Board Member - No business transactions have been entered into with the BOI in 2021
5. Dr. Harsha Subasinghe, Board Member - He has a control and/or significant influence over the following BOI / non BOI Enterprises with which business transactions have been entered into with the BOI in 2021.(Annexure I)
 - i. CodeGen International (Pvt) Ltd
 - ii. CodeGen Lanka (Pvt) Ltd
 - iii. CodeGen Managed Services (Pvt) Ltd
 - iv. Vega Innovations (Pvt) Ltd
 - v. Travel Gateway (Pvt) Ltd
 - vi. Ceyco Nature Products (Pvt) Ltd
 - vii. Currymuch Restaurants (Pvt) Ltd
 - viii. ChargeNet (Pvt) Ltd
 - ix. Ombo Technologies (Pvt) Ltd
 - x. Al Grow (Pvt) Ltd

26. **Contingent Liabilities**

- 26.1.** The list of pending litigations is annexed.
- 26.2.** Provision has been made for a sum of Rs.102,135,350.00 which has been seized on 01.01.2015 by the Court in relation to case filed by Million Garments (Pvt) Ltd against BOI.

Pending Legal Cases as at 31.12.2021

Annexure 1

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
1	Supreme Court	S.C. (SPL) L.A. 297/2019	H.V.A. Farms (Pvt) Ltd - Vs- BOI & 08 Others	Special Leave to Appeal to the Supreme Court to set aside the Judgement dated 02.07.2019 of the Court of Appeal in the Case No. CA (Writ) 469/2015 and to grant and issue Writ of Mandamus, Writ of Certiorari, Writ of Prohibition and an interim order for the reliefs prayed for in the amended Petition filed in the CA (Writ) 469/2015	No relief sought from BOI	-	Ms. Rushda Niyas (Assistant Director, Legal)
2	Supreme Court	S.C. HC (L.A) 57/2021	B O I - Vs- Mil-lion Garments (Pvt) Ltd	This is an appeal made against the Order dated 29/7/2021 given for Case No. CHC/1254/2002/ARB			Ms. Rushda Niyas (Assistant Director, Legal)
3	Supreme Court	S.C (F/R) 455/2015	S.Y. Nawaratne -VS- B O I & 09 Others	Fundamental Right application filed against the BOI's decision to interdict and send the petitioner on compulsory retirement from her services at the BOI	inter-alia- that the actions of the Respondent has infringed the Fundamental Rights of the Petitioner and accordingly to declare the said decisions to be null and void and claim for damages/compensation	10,000,000	Ms. Rushda Niyas (Assistant Director, Legal)
4	Supreme Court	S.C. Appeal 53/2012	Joint Liquidators of Bonaventure Textiles (Lanka) Ltd -vs- BOI	Appeal made by the Company against the Order of High Court of Civil Appellate which was in favour of BOI.	Rs.4.6m Compensation for the development metns made & USD 21k as unutilized lease premium paid by the Company to BOI	8,485,000	Ms. Shehani Perera (Legal Officer)
5	Supreme Court	S.C. Appeal 54/2012	Joint Liquidators of Bonaventure Apparels Lanka (Pvt) Ltd -vs- BOI	Appeal made by the Company against the Order of High Court of Civil Appellate which was in favour of BOI.	Rs. 36,385,186.20/- (as compensation for the developments made) & Rs. 1,438,575/- (as unutilized lease premium paid by the Company to BOI)	37,823,761	Ms. Shehani Perera (Legal Officer)
6	Supreme Court	S.C. (SPL) LA 118/2018	Logiwiz Ltd -Vs- B O I & 03 Others	This application was filed against the Notice to Quit issued by the DS/Katana to Logiwiz Ltd under the State Lands (Recovery of Possession) Act in respect of a portion of land of which both the State and Petitioner are claiming ownership. This case was dismissed by the Court of Appeal and now the Petitioner has filed this Application to set aside the above Order.	No relief sought from BOI	-	Ms. Sukumary Sithamparapillai (Deputy Director, Legal)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
7	Supreme Court	S.C. (SPL) LA 227/2017	Eco Tech Create 21 Company (Pvt) Ltd & another -Vs- BOI & 07 Others	Writ application filed against the Customs, Forest Dept. and Dept. of wildlife conservation to permit the petitioners to export their consignments of value added Kothalahimbutu in powdered form and to prevent the Customs and other Respondents from interfering in the Petitioner's lawful business etc.. No relief is sought from the BOI (8th Respondent) Court of Appeal dismissed the Application. Now an Application for Special Leave to Appeal filed by the Company in the Supreme Court to set aside the order delivered by the Court of Appeal	No relief sought from BOI	-	Ms. Sukumary Sithamparapillai (Deputy Director, Legal)
8	Supreme Court	S.C. (Writ) 06/2021	A M S Fernando & 13 Others -Vs- BOI & 14 Others	Writ - to quash the decisions contained in gazette bearing No. 2248/44 and other reliefs contained therein. BOI has named as a party only because of BOI has an Agreement with Asian Logistics Park (Pvt) Ltd.	No relief sought from BOI	-	Ms. Sherom Wijesinghe (Assistant Director, Legal)
9	Supreme Court	S.C. (FRA) 346/2021	A M S Fernando & 13 Others -Vs- BOI & 14 Others	FR - to quash the decisions contained in gazette bearing No. 2248/44 and other reliefs contained therein. BOI has named as a party only because of BOI has an Agreement with Asian Logistics Park (Pvt) Ltd.	No relief sought from BOI	-	Ms. Sherom Wijesinghe (Assistant Director, Legal)
10	Supreme Court	S.C. Appeal 111/2021 [S.C. (SPL) LA 126/2019]	Conservator General of Forests & 04 Others -Vs- BOI & 01 Other	An appeal filed by the Conservator of Forests against the Court of Appeal decision in CA/ Writ/49/2016	No relief sought from BOI	-	Ms. Ruvin Somatilake (Legal Officer)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
11	Supreme Court	S.C. Appeal 104/2020 - S.C. (H.C) L.A. 24/18	B O I -Vs- Haikawa Industries (Pvt) Ltd & 06 Others	Propack Shreiner (Pvt) Ltd made an application for the winding up by court of Haikawa Industries (Pvt) Ltd in terms of the Companies Act No 07 of 2007. The winding up order was made on 05.04.2013 to wind up the said Haikawa Industries (Pvt) Ltd and the liquidator was appointed by the court. The Hon. High Court Judge by his Order dated 14.02.2018 has decided that the liquidator not required to give priority to BOI dues, EPF, ETF, and other statutory dues prior to settling the dues owing and payable to State Bank of India and Indian Overseas Bank. The BOI has filed this Application against the above Order made by the Commercial High Court.	Payment of BOI dues	9,071,283	Ms. Sewwandi Madubhashini (Legal Officer)
12	Supreme Court	S.C. Appeal 13/2019 - [S.C. (SPL) L.A. 182/2017]	R.A. Dharmadasa -Vs- B O I	Case filed against the BOI to set aside the Judgment of the High Court delivered on 25th July, 2017 in case bearing no. HCA/LT/40/2016 (Delivered in favour of BOI) and affirm the Judgment/Order of the Labour Tribunal Delivered on 25th July, 2016 in application bearing no. 13/52/2013 in favour of R.A. Dharmadasa. The BOI has deposited Rs. 3,627,900.00 with the Labour Tribunal.	Claim to affirm the amount granted by the Labour Tribunal and reinstatement	3,627,900	Ms. Shehani Perera (Legal Officer)
13	Supreme Court	S.C. (SPL) L.A. 232/2019	Upali Ananda Gunasinghe -Vs- B O I & 06 Others	Appeal to the Supreme Court, seeking inter-alia to set aside the judgement dated 22.05.2019 of the Court of Appeal in Case No. CA/WRIT/455/2015 against the withdrawal of the approval granted to construct a cafeteria at KgEPZ on the ground no tenders had been called.	To execute lease Agreement in respect of Lot 7 containing in extent of 20 Perches situated in the service area of Koggala	-	Ms. Gayathri Fernando (Legal Officer)
14	Court of Appeal	C.A. (Writ) 95/2021	Simmet (Pvt) Ltd -Vs- BOI & 13 Others	This matter is basically filed by the Petitioners to obtain the permit or annual license to export value added copper wires, copper plates from the Ministry of Industries and other Respondents.	Petitioners are seeking permission from MOI, BOI AND Import and Export Control Department to export the remaining quantity of already manufactured Copper Sheets.	-	Ms. Sukumary Sithamparapillai (Deputy Director, Legal)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
15	Court of Appeal	C.A. (Writ) 386/2016	Asiri Surgical Hospitals PLC -Vs- B O I & 02 Others	Asiri Surgical Hospitals (Private) Limited filed an action against the BOI and Two others seeking for reliefs against the several decisions taken by the Commissioner General of Inland Revenue (01st Respondent) and for an Interim Order preventing from recovering from the Petitioner any sums on the basis that the Petitioner has defaulted in paying income tax for the years of assessment from 2005/2006 to 2013/2014.	No relief sought from BOI	-	Ms. Sewwan-di Madubhashini (Legal Officer)
16	Court of Appeal	C.A. (Writ) 349/2020	Center for Environmental Justice (Guarantee Limited) & another -Vs- BOI & 07 others	To grant writs mandamus, certiorari against the decisions taken by 1st to 7th Respondents and to grant writ of certiorari quashing the approval issued by the BOI to the Teejay Lanka PLC. Teejay Lanka PLC made and application in the Court of Appeal to Intervene the petition and matter is fixed for support by the Intervient Petitioner.	No relief sought from BOI	-	Ms. Ruwini Somatilake (Legal Officer)
17	Court of Appeal	C.A. (Writ) 110/2020	Tunip Lanka (Pvt) Ltd -Vs- BOI & 04 Others	This Writ application filed by Tunip Lanka (Pvt) Ltd for a Writ of Certiorari quashing the Notice of Termination sent by the BOI and writ of prohibition prohibiting the BOI from taking possession of the land at KEPZ /taking any step preventing the Petitioner from obtaining liquid milk in the local market, packaging it and delivering it to the suppliers and taking any steps altering the status quo pending the hearing of Arbitration.	For a writ of Certiorari.	-	Ms. Sewwan-di Madubhashini (Legal Officer)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
18	Court of Appeal	C.A. (PHC) 27/2017	Dinagi Lanka (Pvt) Ltd -Vs- BOI	The company has illegally occupying the BOI land more after expiration of the lease period from 13.08.2013, BOI has filed a case against the company and Ejection order issued on the 13th Sept,2016.After that Company has filed a revision application which also dismissed by Negombo HC. After that the company has filed this Application to set aside the Judgment of the High Court Case No. HCRA 274/2016 and cancel the ejection order.	The company pleads to set aside of the Judgement of HC and cancel the ejection order allowing company to continue the vehicle park business in the premises.	-	Ms. Sherom Wijesinghe (Assistant Director, Legal)
19	Court of Appeal	C.A (Writ) 465/2015	Edna Cocoa Products (Pvt) Ltd -VS- B O I & 02 Others	To obtain a Writ against the Sri Lanka Customs on an issue arising from disposal of its goods in the local market.	No relief sought from BOI	-	Ms. Rushda Niyas (Assistant Director, Legal)
20	Court of Appeal	C.A. (Writ) 307/2008	MTV Channel (Pvt) Ltd -vs- Director General of Customs & 03 Others	The writ application with regard to the purported Customs Inquiry No. CIB/INV/25/2007/ CIB/1523	No relief sought from BOI	-	Ms. Gayathri Fernando (Legal Officer)
21	Court of Appeal	C.A. (Writ) 486/2019	N.D. Yasar Sri Nagashena -Vs- B O I & 10 Others	Petitioner has filed this Writ Application by the way of Public Interest Litigation for entering into a purported "Concession Agreement" to operate the Port of Hambantota between Sri Lanka Ports Authority, China Merchant Port Holdings Hambantota International Port Group (Pvt) Ltd. and Hambantota International Port Services Company (Pvt) Ltd.	Pleaded for Writ of Certiorari, Writ of Mandamus and Writ of Prohibition and to issue an interim order suspending the operation of the notification published in the Gazettes 2044/20 dated 06.11.2017 and 2048/32 dated 07.12.2017.	-	Ms. Dilrukshi Dehieniya (Deputy Director, Legal)
22	Court of Appeal	C.A. (RII) 08/2016	B O I -Vs- Million Garments (Pvt) Ltd	Seeking a Restitutio-in-Integrum of the position before the pronouncement of judgment in HC/ARB/1254/02 to recover approx Rs. 102 Million Board owned money seized from BOI account.	This is a case filed by the BOI and BOI is seeking to regain a sum of Rs. 102,138,350 seized by the Commercial High Court from a BOI account for the enforcement of a forged arbitral award pronounced against the BOI.	102,138,350	Ms. Rushda Niyas (Assistant Director, Legal)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
23	Court of Appeal	C.A. (Writ) 112/2015	Centre for Environmental Justice (Guarantee) Limited -Vs- BOI & 07 Others	Centre for Environmental Justice (Guarantee) Limited filed this application in the Court of Appeal regarding the proposed port city project	For an order in the nature of Writ of Certiorari quashing the validity of the Gazette Extraordinary dated 14.01.2014 bearing No. 1846/51	-	Ms. Gayathri Fernando (Legal Officer)
24	Commercial High Court	H.C. (ARB) 1254/2002	Million Garments (Pvt) Ltd -vs- BOI	Million Garments (Pvt) Ltd filed an enforcement action against the BOI to enforce an arbitral award for a payment of Rs. 37,200,000	Rs. 37,200,000+ interest	102,138,350	Ms. Rushda Niyas (Assistant Director, Legal)
25	Commercial High Court	CHC 73/2021 CO	Paul Andrew Dwyer -Vs- BOI & 06 others	Case against to the Second Director of the Company	No Claim	-	Ms. Shehani Perera (Legal Officer)
26	High Court of Civil Appeal	WP/HCCA/43/2015(F) - D.C Colombo 50897/M	Joint Liquidators of Bontex Lanka (Pvt) Ltd -Vs- BOI	Appeal made by the Company against the Order of High Court of Civil Appellate which was in favour of BOI.	Rs. 20,569,846.65 as compensation made for developments to BOI land & US\$ 39,118.75 for unutilized lease premium paid by the Company.	27,806,815	Ms. Shehani Perera (Legal Officer)
27	High Court	H.C. (RA) 126/2019	S. Hector Fernando -Vs- BOI	Filed an application in the High Court due to the objections raised by the BOI to lead evidence in the Labour Tribunal Case No. 08/269/19.	Revocation of the LT order	-	Ms. Sherom Wijesinghe (Assistant Director, Legal)
28	Commercial High Court	H.C. (Civil) 49/2011/CO	Propack Shreiner (Pvt) Ltd -vs- Haikawa Industries (Pvt) Ltd	Winding up by Court under and in terms of Part XII of the Companies Act No. 7 of 2007 - winding up of Haikawa Industries (Pvt) Ltd	To recovery BOI dues	9,071,283	Ms. Sewwan-di Madubhashini (Legal Officer)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
29	High Court	H.C. 3505/06	State -vs- Ranjith Amarasinghe - Case filed by Criminal Investigation Department against Ranjith Amarasinghe. [Chairman/Managing Director, M/s Million Garments (Pvt) Ltd]	Criminal action filed by the State against Ranjith Amarasinghe, Chairman of Million Garments (Pvt) Ltd for obtaining the signature of the arbitrator on an arbitral award by fraudulent means	N/A	-	Ms. Rushda Niyas (Assistant Director, Legal)
30	Commercial High Court	HC Civil 54/2014 CO	Rusirumal (Pvt) Ltd. (Liquidation)	The company which is in liquidation has paid the dues owed to BOI, except for the water bill which is at Rs 6,101,702.00. The land and premises at SEPZ has been auctioned to G P Garments (Pvt) Ltd and the liquidator of Rusirumal has taken an undertaking to pay the worker dues amounting to 109,465,470.05 once the sales purchase agreement with G P Garments have come through.	Dues owed to BOI for water bills	6,101,702	Ms. Ruwini Somatilake (Legal Officer)
31	District Court	D.C. Colombo DSP 281/21	Merbok Resources Lanka (Pvt) Ltd -Vs- BOI	Subsequent to the Board Decision dated 11th March 2020, the letter of termination dated 12th May, 2021 was sent to MRL, terminating the Main Agreement No. 434 dated 14th August, 2015 including the Supplementary Lease Agreement No.453 dated 21st January, 2016 entered into between MRL and the BOI on the ground of its failure to take any meaningful steps to commence phase I of the Project, having obtained the advice of the Attorney General's Department.			Ms. Gayathri Fernando (Legal Officer)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
32	District Court	D.C. Gampaha 2165/L	M.M.M. Smyle -vs- BOI	Alleging that the said termination is unlawful and invalid, MRL has referred this matter to Arbitration.	Claim of BOI owned Land in extent 11 Acres and 2 Roods at the BEPZ.	-	Ms. Shehani Perera (Legal Officer)
33	District Court	D.C. Colombo 02244/2015	Stirling Group Lanka (Pvt) Ltd	This action was filed by MRL in the District Court against BOI and another, seeking for injunctive reliefs restraining the BOI from leasing, alienating, evicting and/or taking steps to evict MRL from the subject land.	For an Order directing the BOI to release the sum of Rs. 18,285,800 which was withheld by the BOI, and the said amount is the outstanding worker terminal benefits (compensation) due to the employees as determined by the Commissioner General of Labour.	18,285,800	Ms. Gayathri Fernando (Legal Officer)
34	District Court	D.C. Colombo 5153/SPL	Dimo Industries Ltd (Manik Joseph Sesil) & 02 others - Vs- BOI & 15 others	Winding up application of Dimo International Ltd; BOI has intervened this matter as a Sussituting-Creditor-Respondent	By letter dated 16.07.1998 Dimo International Ltd claimed Rs. 1,157,914.00 as the amount to be refunded to the company in the view of the release of the Lands to BOI.	1,157,914	Ms. Shehani Perera (Legal Officer)
35	District Court	D.C. Colombo DSP 68/2017	D.M. Industries Ltd - Vs- B O I & 02 Others	Case filed by D. M. Industries against BOI for instructing Sampath Bank to close the FCBU Account held in the name of the Company on the basis of terminating the Agreement between BOI and the Company and against Sampath Bank for closing such account.	BOI was made a party for Notice purposes only. No relief is sought from the BOI.	-	Ms. Shehani Perera (Legal Officer)
36	Magistrates' Court	M.C. Hambantota 51116/19	Complaint made by BOI against R.M.K. Prasanna Kumara	A per the complaint made by MjEPZ to Police Station, Ambalantota regarding the vehicle collision to the existing electric boundary fence of MjEPZ on 12.04.2019, OIC, Police Station Ambalantota Filed a criminal action against the owner of the vehicle R M Kamal Prasanna Kumara.	As per the details provided by SDD (MjEPZ) and as informed by ED (TS) estimate for construction of the electric fence is Rs. 246,898.62. We have already collected Rs. 162,450.95 (including 15% VAT) from Allianz Insurance Lanka Limited on 10.06.2020.	84,448	Ms. Sewwandi Madubhashini (Legal Officer)
37	Magistrates' Court	M.C. Horana 60219/21	Kithulpitiye Kolitha Thero & 10 others - Vs- BOI	Kithulpitiye Kolitha Thero & 10 others have made an application against BOI under the Section 98 (i) of CPC No. 1979/15 to prevent public nuisance by conditional order (Pollution of Mindigaha Ela)	Conditional order to prevent the pollution.	-	Ms. Sherom Wijesinghe (Assistant Director, Legal)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
38	Magistrates' Court	M.C. Avissawella 53660	Central Environment Authority (CEA) -Vs- BOI	CEA has filed this case in the Magistrate's Court of Avissawella against the Board for Operating an Export Processing Zone - SEPZ without an Environmental Protection License(EPL) and 02 other charges	If the Board convicted against the charges, Board may be liable to fines under Section. 23A (3) (a) and 23H (3) of the Central Environmental Authority Act as amended.	-	Ms. Sewwandi Madubhashini (Legal Officer)
39	Labour Tribunal	L.T. Battaramulla 02/ අයි/32/2021	G.R.M.H. Anuradha Abeyratne	Case has been filed of the Battaramulla Labour tribunal against BOI by other petitioner on former employee of the BOI	Reinstate the Petitioner in his position and to pay backwages		Ms. Ruwini Somatilake (Legal Officer)
40	Labour Tribunal	L.T. Panadura 25/21/21	D.K. Walpita -Vs- BOI	D K Walpita has filed a LT application against the termination of service by the BOI			Ms. Sewwandi Madubhashini (Legal Officer)
41	Labour Tribunal	L.T. Colombo 08/269/2019 (L.T. Colombo 02/822/2018)	S. Hector Fernando - Vs- B O I	Hector Fernando has filed LT matter complaining that BOI has terminated his service	Reinstatement together with backwages.	1,076,760	Ms. Sherom Wijesinghe (Assistant Director, Legal)
42	ICLP Arbitration Centre	ICLP Arbitration No.	Merbok Resources Lanka (Pvt) Ltd -Vs- BOI	Subsequent to the Board Decision dated 11th March 2020, the letter of termination dated 12th May, 2021 was sent to MRL, terminating the Main Agreement No. 434 dated 14th August, 2015 including the Supplementary Lease Agreement No.453 dated 21st January, 2016 entered into between MRL and the BOI on the ground of its failure to take any meaningful steps to commence phase I of the Project, having obtained the advice of the Attorney General's Department.			Ms. Dilrukshi Dehideniya (Deputy Director, Legal)
43	ICC Arbitration Centre	ICC Arbitration 18656/CYK	Sevanagala Sugar Industries Ltd -vs- BOI	Alleging that the said termination is unlawful and invalid, MRL has referred this matter to Arbitration.	Rs. 4 Bn	400,000,000	Ms. Dilrukshi Dehideniya (Deputy Director, Legal)

Pending Legal Cases as at 31.12.2021

SR/ NO	Court	CASE NO.	PARTIES	CASE DESCRIPTION	CLAIM Description	CLAIM AMOUNT (Rs.)	HANDLING OFFICER
44	Sri Lanka National Arbitration Centre	Arbitration	Tunip Lanka (Pvt) Ltd - Vs- BOI	Arbitration filled against the Termination of the BOI Agreement.	That the termination of the BOI was unlawful.	-	Ms. Rushda Niyas (Assistant Director, Legal)
45	LCIA Arbitration Centre	LCIA Arbitration No. 204816	Housing and Construction Lanka (Pvt) Ltd -Vs- BOI	Arbitration filed by the Company against the BOI on grounds of BOI's non compliance with the terms and conditions of the agreement entered into between the BOI and the company	for all losses and damages caused to the company due to the breach of the agreement by the BOI (not quantified yet) , which at least US\$ 100 Million.	1,850,000,000	Ms. Rushda Niyas (Assistant Director, Legal)
46	Court of Appeal	C.A. (Writ) 274/2021	CEAT Kelani Holdings (Pvt) Ltd -Vs- BOI & 08 others	To issue Writ of Mandamus directing the BOI, Chairman, Members and DG to take steps to enforce the Clauses in the Agreement signed with Rigid tyre and to direct Rigid tyre to export 80% of its output; and issue Writ of Prohibition Restraining the Respondents from altering or waiving the Mandatory requirement of export of 80% output and allowed only 20% sale in the local market			Ms. Sukumary Sithamparapillai (Deputy Director, Legal)
47	Court of Appeal	C.A. (Writ) 269/2021	Eco Homes Lanka (Pvt) Ltd -Vs- BOI & 03 others	Writ Application challenging the cancellation of the Deed of transfer by NHDA and Development Permit issued by Sri jayawardena Pura Kotter Minicipal Council for the project site.	No relief sought against the BOI		Ms. Dilrukshi Dehideniya (Deputy Director, Legal)

**REPORT OF THE
AUDITOR GENERAL**

2021

A large teal arrow pointing to the right, with the number 2021 integrated into its shape. The arrow is composed of two overlapping triangles, one slightly offset from the other, creating a sense of depth. The number 2021 is rendered in a white, sans-serif font, with the '20' and the first '2' of '21' positioned within the arrow's body, and the final '1' positioned at the arrow's tip.



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தேசிய கணக்காய்வு ஆலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TIP/B/BOI/01/2021/34

ඔබේ අංකය
உமது இல.
Your No.


දිනය
திகதி
Date

22 June 2022

The Chairman
Board of Investment of Sri Lanka

Report of the Auditor General on the Financial Statement and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka for the year ended 31 December 2021 in terms of Section 12 of National Audit Act, No. 19 of 2018.

The above report is sent herewith.


W.P.C. Wickramaratne
Auditor General

Copies : 01. Secretary, Ministry of Technology and Investment Promotion
02. Secretary, Ministry of Finance





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தேசிய கணக்காய்வு ஆலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TIP/B/BOARD/1/2021/34

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

22 June 2022

Chairman

Board of Investment of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Board of Investment of Sri Lanka (“Board”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අංක 306/72, පොල්දූව පාර, මත්තරපිළිම, ශ්‍රී ලංකාව



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இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை.



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1.2 Basis for Qualified Opinion

- (a) Although the 08 projects in 05 Zones valued at Rs. 134,775,645 had been completed and handed over to the Board and are also being used, the Board had not capitalized those assets and therefore the capital work-in -progress had been overstated and the property plant and equipment had been understated by that amount in contrary to the Paragraph 7 of Sri Lanka Accounting Standards 16 (LKAS 16) . Similarly, the depreciation had been understated by Rs. 4,990,565 and the surplus had been overstated by the same amount in contrary to the Paragraph 43 of LKAS 16 .
- (b) The Board had fully impaired the other debtors amounting to Rs.102,138,350 which has a pending litigation even though the case was in favour of the Board.
- (c) An amount of Rs. 185,178,544 of the Differed Revenue of Land Premium relating to 06 Enterprises which were closed/ cancelled its agreements with Board had remained in the account without revising as at 31 December 2021.
- (d) The depreciation and the accumulated depreciation amounting to Rs. 543,096 and Rs.2,926,681 respectively had been understated relating to the administration building of Horana Export Processing Zone.
- (e) A sum of Rs. 3,464,665, had been credited to Receipt in Advance Account relating to collection of income for the transfer of housing projects during the period of 2012- 2018 and it had been credited as miscellaneous income for the year 2021 without being considered as a prior year adjustment.
- (f) A sum of Rs.3,782,236 credited to receipt in advance account relating to ground rent, land premium and annual fee during the year 2015-2019 had been accounted as a miscellaneous income of the year 2021 without being considered as a prior year adjustment.

- (g) A refundable deposit amounting to Rs. 2,855,264 relating to a terminated company in the year 2011 had been taken into the income statement in the year under review without being considered as a prior year adjustment.
- (h) A sum of Rs.2,580,365 received for a land of an enterprise in November 2007 had been credited to the deposit against compensation account at that time and it was taken into account as a miscellaneous income of the year 2021 without being considered as a prior year adjustment.
- (i) An extent of 3.96 acres of land transferred to the Board as a free grant by the Government on 29 March 2018 had not been valued and taken into accounts as at 31 December 2021.
- (j) The roads of Mirijjawila Export Processing Zone valued at Rs.516,964,285 included in the Capital Work- In- Progress (CWIP) had not been transferred to structures in property plant and equipment even though the Project was completed in December 2017. Hence, the depreciation had been understated by Rs. 25,848,214 for each year since 2017 . Further, the balance payable to the Road Development Authority for the construction of road amounting to Rs.130,383,717 had not been taken into accounts as at 31 December 2020.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Board's 2021 Annual Report

The other information comprises the information included in the Board's 2021 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's

ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1** National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.
- 2.1.1** Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.
- 2.1.2** The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.3** The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.2 (j) as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to Law/ Direction	Description
(a) National Environment Act No.47 of 1980	Seven enterprises in Wathupitiwala Zone and 04 enterprises in Mirigama Export Processing Zone had not obtained Environmental Protection Licenses and 03 enterprises in Mirigama Zone had not renewed their Environmental Protection Licenses.
(b) Financial Regulation of Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 103,104 and 1642	Reporting to police and carrying out preliminary investigations had not been carried out on 15 vehicle accidents occurred in the year 2021 .

- | | |
|--|--|
| <p>(ii) Financial Regulation
110</p> | <p>A register for losses and damages had not been properly maintained.</p> |
| <p>(iii) Financial Regulation
1645 (a) and (b)</p> | <p>Vehicle log books had not been maintained in accordance with the Regulation and the daily running charts had not been presented to audit as per the Regulation.</p> |
- (c) Finance Act No. 38 of**
- | | |
|-------------------|--|
| <p>Section 11</p> | <p>The Board had invested Rs.5612 Million by the year 2021 without obtaining the approval of the appropriate Minister given with the concurrence of the Minister of Finance.</p> |
|-------------------|--|
- (d) Department of Public Enterprises Circulars**
- | | |
|--|---|
| <p>(i) No.95 of 14 June 1994</p> | <p>A number of 10 allowances amounting to Rs. 666,716,143 and 13 loan and welfare schemes amounting to Rs.420,800,245 had been implemented during the year under review without obtaining approval of Treasury.</p> |
| <p>(ii) Section 3.1 of No.
PED/2015 dated 25 May
2015 , PED/2015 (i)
dated 26 October 2016</p> | <ul style="list-style-type: none"> • Contrary to the Circular, the fuel limits had been changed as follows.
Chairman – As required
Director General- 300 litres |

and Section 1.2 of PED
01/2020 dated 27
January 2020

Executive Director- 170 litres
Directors – 140 litres

- Contrary to the Circular, a monthly driver allowance of Rs.35,000 totalled to Rs. 11,134,215 had been paid for 33 officers to whom entitled for an official vehicle.

**(e) Department of Management
Services Circulars**

Section 14.1 of No.
02/2016 dated 25 April
2016

A sum of Rs. 10,704,620 had been paid as special allowance to 242 officers in 21 Tertiary Level posts which is not entitled to be paid.

2.2.3 to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for;

- Although the then Ministry of the Board had granted Rs. 1988 Million to commence an Export Processing Zone in Milleniya in 2017, 2018 and 2019, it had not been commenced even by the end of the year under review.
- The total acres of land belonging to the 14 Zones of the Board from year 1983 up to 31 December 2021 was 4045 acres and out that 721.5 acres of land were in vacant without being utilized.
- The Board had paid Rs. 4,384,440 during the year under review for the supply of water to Wathupitiwala Zone through water bowsers due to the actions had not been taken to supply water in timely manner through National Water Supply and Drainage Board.

2.2.4 to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

3. Other Matters

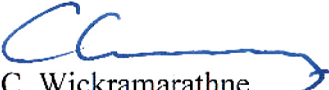
- (a) The general projects and special projects valued at Rs. 568,142,375 and Rs. 224,192,401 respectively represented 63.6 per cent and 91 per cent of each total Capital Work-In -Progress had remained unchanged for more than 4 years without taking actions to complete.
- (b) Although the installation of Integrated Accounting Software System had to be completed in April 2019 , it had not yet been completed and an additional expense of Rs. 3,750,000 had to be incurred as at 31 December 2021.
- (c) The number of enterprises which had signed agreements as at 31 December 2021 in 14 Zones of the Board was 740 since the inception and the number of closed, suspended or agreement cancelled enterprises was 440 as at the end of the year under review. Therefore, only 285 enterprises have been functioning by the end of the year under review since inception.
- (d) The progress of the Foreign Direct Investments (FDI) during past three years as compared to the year under review were as follows.

Year	Annual Target as per Corporate Plan (USD Mn.)	Actual Achievement (USD Mn.)	Actual Achievement as a percentage of Annual Target (%)
2021	1,100 -1,300	780	60
2020	5,000	687	14
2019	3,000	1,189	40
2018	2,500	2,367	95

- (e) A company had signed an agreement in 2018 and defaulted its ground rent amounting to Rs. 97,788,426 since the inception. The Board had made a 100 per cent impairment against the aforesaid balance without making any effort to obtain the dues from the Company.
- (f) The dues from Board approved enterprises as at December 2021 was Rs. 737,308,534 and out of that a sum of Rs. 170,396,676 or 23 per cent had remained for more than 04 years. The provision for impairment on dues was Rs. 418,846,474 and it had represented 57 per cent of total dues as at 31 December 2021 .
- (g) Within the balance of staff loan and advances amounting to Rs.776,797,006, there was a sum of Rs.1,222,035 receivable from 25 officers who had been interdicted, vacated on post and stop payment for more than 04 years as at 31 December 2021.
- (h) The Board had rented out 02 floors of Head Office building to 03 Ministries and the Zone buildings to external parties .The following observations were made.
- (i) Even though the 40 external parties including a State Ministry are using 43,931.59 square feet of the Head Office building of the Board and Zone premises for a Rs. 16,446,233 per month , agreements had not been entered into.
- (ii) Due to failure to send invoices to two Ministries on time, a total rent of Rs.13,466,838 could not be collected and a sum of Rs.4,934,018 had not been recovered from a State Ministry since August 2020.



- (i) The approved cadre of the Board was 1,299 and the actual cadre was 1253 . The number of vacancies were 128 and the excess staff was 82 including 07 contract basis positions. However, 09 officials recruited as ‘Special Team’ was not included in the actual cadre. Further, the total personnel cost of the Board was Rs. 2091.8 Million for the year under review and it represents 62 per cent of the total cost.


W.P.C. Wickramarathne
Auditor General

**THE REPLY OF THE BOI
FOR THE REPORT OF THE
AUDITOR GENERAL**

2021



Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka (BOI) for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1.2 Basis for Opinion

(a)

Zone	Description	Comment
SEPZ	Emptying & Clearing of Equalization Tank	Capitalized in 2022
	Construction of Sanitary Land filling site in Lot G2 Phase 2 at SEPZ	Capitalized in 2022
MEPZ	Water Retention Tank	Final payment was made in year 2022 and to be capitalised in the same year.
WEPZ	Consultancy Fee Augmentation	Contract for Augmentation of Common Wastewater Treatment Plant has been completed. Final claim is being scrutinized and after finalizing the final claim, Consultancy and Construction work of Augmentation of Common Wastewater Treatment Plant will be capitalized.
	Augmentation of Common Waste Water Treatment Plant	
MjEPZ	Electricity Connection (To a company)	Capitalized in year 2022
Eravur	Preliminary construction works of Internal Roads at Textile Manufacturing Zone at Panakada, Eravur, Baticaloa	Final payment of the project has been made recently and the project will be capitalized.
	Excavation of Earth Drains for Storm Water Drainage Stage I at Textile Manufacturing Zone	Final payment has been made on 04.04.2022 and it has been capitalized in year 2022.

- (b) The Case No. CA/RI/08/2016 filed by BOI, seeking to get released a sum of Rs.102,138,350/- seized by the Commercial High Court from a BOI account for the enforcement of an arbitral award pronounced against the BOI, (the said Arbitral Award was declared as a forged document in the High Court in 2020), is still being heard.

Therefore, a 100% provision has been made since the credit risk is high as the judgement of the Court Case is still pending.

(c) ▪ **Orient Garments (Pvt) Ltd - Rs. 3,141,609.14**

The Agreement of this enterprise has been cancelled on 11.06.2021 & it would be adjusted in year 2022.

▪ **Fairway Aviation Academy (Pvt) Ltd - Rs. 3,604,698.20**

BOI has invoiced for the Ground Rent for the 1st half of year 2021 & the company has settled the same. It would be adjusted in year 2022.

- All the Enterprises mentioned below, have failed to implement the respective projects due to various reasons. Hence adjustments would be made in year 2022 with the approval of Board with regard to the balances appearing in the Differed Land Premium Account after a final decision is made on the numerous requests made by these enterprises.
 - Lankaal Industries (Pvt) Ltd
 - Suchirindia Lankan Hotels & Resorts (Pvt) Ltd
 - Micro Cars International Consortium (Pvt) Ltd
 - Uclan Lanka (Pvt) Ltd

(d) Noted.

- (e) These amounts have been identified in year 2021 as payments in excess & transferred to the income account in year 2021.

It is not an income pertaining to a previous year, whereas it has been identified in year 2021 as an amount which can be treated as an income, hence such amount has been credited to miscellaneous income of the same year 2021, instead of the Accumulated Fund.

- (f) These are excess payments done by various enterprises during the last few years which have been identified in year 2021 & considered as income in the same year; hence the reason for accounting treatment is as same as mentioned in 1.2(e) above.

- (g) The refundable deposit of Rs 2,855,264 paid in year 2003, by an enterprise was credited to the revenue in year 2021 since it has remained without being refunded and the Agreement had been terminated in year 2011.

(h) Noted.

- (i) The ownership of this land in extent of 3.96 acres was transferred to BOI as a Free Grant on 29.03.2018. Government Valuation was obtained for the purpose of leasing the land to the investor. However, the undeveloped land value was not provided in the said valuation other than the valuation required to calculate the lease rental. Request has been sent to the Valuation Department to obtain the land value to be included in the Asset Register.

- (j) Final payment of the contract has not been made to Road Development Authority due to contract disputes. This matter has been reviewed in the past and the cost of the road could be capitalized only after the disputes are resolved. This will be further reviewed in detail during the financial year 2022.

The Contract for the construction of the Internal Road Network at Mirijjawila Export Processing has been awarded to Road Development Authority and contract disputes have arisen due to the poor quality of the construction work done by RDA, as all the internal roads constructed by RDA have been damaged and not in a usable condition.

In such a situation, the Board is not in a position to make a provision for the amount claimed by RDA. Liability cannot be determined due to the contract disputes between the Board and the RDA.

- As per the LKAS 37, it is not required to make a provision, in the case of such a situation
- An outflow of Cash/Economic Benefits cannot be expected due to the unusable condition of the Internal Roads
- There is no constructive obligation to accept responsibilities of the payment.
- There is no contract obligation due to breach of contract conditions.
- A reliable estimate cannot be made due to the uncertainty of the negotiations
- There is no agreement between the parties on the settlement.

Hence a provision has not been made in the Financial Statements for the year ended 31st December 2021.

2. Report on Other Legal and Regulatory Requirements

2.2.2 Non-compliances with written laws, general and special directions issued by the Board

	Reference to Laws, Rules, Regulations and Directions Made by Governing Body	Description	Reply
(a)	National Environmental Act No. 47 of 1980	07 enterprises of Wathupitiwala EPZ & 04 enterprises of Mririgama EPZ had not obtained EPL 03 enterprises of Mirigama EPZ had not renewed EPL	Industries in these three zones are either in possession of EPLs or under the renewal process. Please note EPLL are issued for maximum validity period of one year and hence it is a continuous process.
(b)	Financial Regulation of Democratic Socialist Republic of Sri Lanka		
(i)	Financial Regulation 103, 104 & 1642	Reporting to police and carrying out preliminary investigations had not been done w.r.g. to 15 vehicle accidents occurred in the year 2021	<p>The BOI prepares the preliminary reports on vehicle accidents, however due to the practical reasons given below, there may be deviations.</p> <p>The vehicle accidents during the year 2020 were very minor nature (except one) and those were occurred due to the fault of other drivers and hit the rear side of the BOI vehicles. In many occasions at the time of the accident, an officer/officers were traveling in the vehicle, and in most cases, the transport officer had inspected the place of the accidents. As the cause for the accidents were clear, the officers came in to the conclusion that no need to proceed on the inquiry. Further, in all possible occasions, BOI had made complaints at nearest police stations.</p> <p>BOI follows the conditions stipulated in the Financial Regulations 104(3) and 104(4). A Committee had been appointed comprising Director (Finance), Director (Internal Audit), and Director (Technical Services) to inquire the vehicle accidents and to recover the cost to the BOI. When it is clear that the accident occurred due to misconduct of employees of BOI, disciplinary actions are taken against them.</p> <p>BOI will fully adopt the procedure stipulated in the given Financial Regulation with regard to vehicle accidents in future.</p>

	Reference to Laws, Rules, Regulations and Directions Made by Governing Body	Description	Reply
	(ii) Financial Regulation 110	Register for losses and damages had not been properly maintained.	A comprehensive record will be maintained.
	(iii) Financial Regulation 1645 (a) & (b)	Vehicle log books had not been maintained and the daily running charts had not been presented to audit	Actions are being taken to update vehicle log Books and daily running charts will be submitted to the Government Audit on monthly basis.
(c)	Finance Act No. 38 of 1971		
	Section 11	The Board had invested Rs.5,612Mn by year 2021 without obtaining the approval of the appropriate Minister given with the concurrence of the Minister of Finance.	<p>Guidelines on Corporate Governance for State Owned Enterprises (SOE) and an Operational Manual has been published by the Public Enterprises Department of the Ministry of Finance with a view to address the demands of SOEs for urgent structural changes in their operations in line with the modern practices and market requirements.</p> <p>According to para (v) of Item 6.2 on Investment of Surplus Funds, in Chapter 6 of the Operational Manual for State Owned Enterprises, SOEs with an average revenue of less than Rs. 30 billion in the last two years, could invest its surplus funds in Government Owned Banks and in Government Securities if such entity has not been supported in meeting its recurrent expenditure through budgetary allocations.</p> <p>Since the BOI is a self-financed institution and it is not supported through budgetary allocations, the BOI could invest its surplus funds in Government Securities as per the above directive of the Ministry of Finance.</p>
(d)	Department of Public Enterprises Circulars		
	(i) No. 95 of 14 June 1994	10 allowances and 13 loan & welfare schemes had been implemented without proper approval.	<p><u>10 Allowances paid without proper approval (Rs. 666,716,143/-)</u></p> <p>With the introduction of the open economic policy in 1978, Sri Lanka began to experience new development in the economy with key initiatives of implementation of an open trade policy, industrial development and attraction of foreign direct investment. The purpose of attracting foreign investment was to re-orient the agriculture based economy in to a new direction, to an</p>

	Reference to Laws, Rules, Regulations and Directions Made by Governing Body	Description	Reply
			<p>industrial production based economy. The Government formulated policy to attract foreign direct investment and also established a specialized agency for the same purpose. The Greater Colombo Economic Commission (Re-structured in 1992 as the Board of investment of Sri Lanka) was the said organization constituted under the Act No. 4 of 1978.</p> <p>As the apex agency of the government promoting and facilitating foreign direct investment and private sector capital formation in priority sectors of the economy, the BOI has made a significant contribution to develop the economy of the country from its inception in year 1978 and the workforce of the BOI has made a huge contribution by giving their maximum capacity to the organization in achieving its corporate objectives.</p> <p>In order to achieve its objectives, undoubtedly the BOI should have highly qualified and motivated staff. To motivate & retain the existing staff in the organization as well as to attract highly qualified staff to the organization, BOI salary scales were higher when compared to those in the public service and other state owned organizations at the time of its establishment. In addition, various allowances/ payments were approved for BOI employees from time to time by various authorities from its inception (e.g. H.E the President, Secretary to the Treasury, Board of Directors, Government Circulars, etc.) as follows.</p> <ul style="list-style-type: none"> ▪ Leave Encashment - 1979 ▪ Uniform Allowance - 1981 ▪ KPP Allowance/ Attendance incentive - 1990 ▪ Transport Allowance - 1990 ▪ Professional Allowance - 1991 ▪ Risk Allowance - 1995 <p>BOI is functioning as a hybrid organization having professionalism, efficiency and customer orientation like a private sector institution along with the authority, responsibility and security of a Government sector organization. Therefore, it is unique to any other organization in the country and should have a highly qualified staff unlike any other ordinary organization. For an example BOI is the only investment promotion agency in South Asia that directly provides custom services to the investors. Further, BOI is vested with the task of managing 14 Export Processing Zones/ Industrial Parks. Therefore, it is a distinct advantage of payment of allowances and other fringe benefits to employees to attract qualified professionals to the organization by giving an attractive package to the right person in par with the job market conditions. In the context, Management has introduced allowances/ payments from</p>

	Reference to Laws, Rules, Regulations and Directions Made by Governing Body	Description	Reply
			<p>time to time since 1979 as a part and parcel of the benefit package.</p> <p>It may be noted that most of the allowances queried by the National Audit Office being paid for the staff members over a period of 25 years and had been advertised as privileges when recruiting for BOI vacancies. Therefore, it is not possible to withdraw the existing privileges which had been paying since long ago. Further, as an organization with self-generated funds, the BOI never burdened to the Treasury for its recurrent expenditure including salaries and other allowances.</p> <p>As the National Audit Office has been repeatedly raising the same query, we have submitted this matter to Department of Management Services by letter dated 24.07.2020 and requested the approval for the allowances being paid to the employees of the BOI, but their decision is pending to-date.</p> <p>This matter has been queried again at the COPE meeting held on 11.11.2021 and directed the BOI to get the concurrence of Ministry of Finance and regularize the allowances being paid to the employees of the BOI. Accordingly, the Treasury approval has been requested by letter dated 02.12.2021 and BOI is pursuing to obtain a response for the same.</p> <p><u>13 Loans & Welfare Schemes implemented without proper approval (Rs. 420,800,245)</u></p> <p>Loans and several other Welfare Schemes in the Organization were implemented from its inception in 1978 identifying the necessity of such Schemes to patronize employees in their critical situations. Such loans and Welfare Schemes were approved by the Board of Directors time to time as follows.</p> <ul style="list-style-type: none"> ▫ Distress Loan Scheme - 1979 ▫ Festival Advance Scheme - 1979 ▫ Medical Scheme - 1980 ▫ Bicycle Loan Scheme - 1981 ▫ Death Donation Scheme - 1993 ▫ Housing Loan Scheme - 1994 ▫ Vehicle Loan Scheme - 1995 ▫ Life Insurance Scheme - 1996 ▫ Payment of one year salary of demise employee - 1996 <p>It may be noted that all the loans are given through a proper procedure with signing of agreements and bonds ensuring the recovery of respective loans with relevant interests.</p>

	Reference to Laws, Rules, Regulations and Directions Made by Governing Body	Description	Reply
			Subsequently, the said loans and welfare schemes were comprised in to the Human Resource Policy Manual of the BOI which was approved by the Board of Directors on 20.03.2007. Approval for the Human Resources Policy Manual of the BOI was requested from the Department of Public Enterprises on 10.03.2014. Several reminders in this regard have been sent and the BOI is pursuing to obtain response for the same.
	(ii) Sec 3.1 of No. PED/2015 dated 25 May 2015, PED/2015(i) dated 26 October 2016 and Section 1.2 of PED 01/2020 dated 27 January 2020	Changed fuel limits contrary to the circular Monthly driver allowance Rs.35,000/- paid to 33 officers	<p>The given fact is correct. However, during the last couple of years, the Chairman of BOI has not used the BOI vehicle or not obtained fuel from BOI. The Board of Directors has decided the fuel limits for senior officers by critically analysing the extensive travel requirements (visit to zones, meetings, site inspections, conferences etc.) of senior officers of the BOI.</p> <p>The Public Enterprises Circular No. PED 1/2015 of May 2015 states that entitlement of the fuel allowances is granted to the Officers above the category HM-1-1.</p> <p>However, the Directors of BOI are in the Grade of HM 1-3, and Executive Directors are in the Grade of HM 2-1. Considering the differences of grades, the fuel limits were decided by the BOI in accordance with the previous circulars of the Department of Public Enterprises.</p> <p>In the year 2003, the Board of Directors of the BOI has decided to pay Rs.15,000/- monthly allowances for a hired Driver in lieu of a BOI Driver. The Board had taken the decision to pay for hired drivers aiming to utilize the BOI Drivers for project inspections, monitoring, and other necessary transport activities. Also the decision for payment of hired drivers has a considerable cost beneficial impact to the BOI.</p> <p>Since this payment prevailed at the same rate for 15 years, the Board has decided to increase the rate in the year 2020. The Board took the decision for hired drivers in the year 2003 and it is clear that the Board Decision does not have a relationship with the PED circular issued in the year 2015.</p>
(e)	Department of Management Services Circulars		
	Section 14.1 of No. 02/2016 dated 25 April 2016	Special allowance paid to 242 officers in 21 tertiary level posts	Executive category of the Board was started from the post of Executive Assistant from the inception of the organization in 1978 and graduates, professionals (Lawyers/ Engineers/ Architects/ Accountants etc.) and Management Trainees started their career at the BOI as Executive Assistants. They were entitled to all the rights of executives and recognized as executive of the Board.

	Reference to Laws, Rules, Regulations and Directions Made by Governing Body	Description	Reply
			<p>However, at the salary restructuring in 2006 under Management Services Circular no. 30 and 30(1) said Executive Assistants were placed under Junior Manager (JM) category despite their career as executives in the Board as well as the practice followed in the Board over a period more than 25 years.</p> <p>This has created a huge unrest among the affected employees and then Management has issued a letter emphasizing that the posts they were holding in the Board is considered as an Executive grade post with all rights and benefits eligible for the Executive grade posts. Accordingly, all the officers in Junior Manager category of BOI are entitled for the benefits declared for Executive grade posts by the government.</p> <p>Subsequently, Ministry of Public Administration, Local Government and Democratic Governance has issued the Public Administration Circular No. 18/2015 dated 26.06.2015 regarding the Payment of a Special Allowance for officers holding posts of Executive Services Category in the Public Service with effect from 01.07.2015.</p> <p>Executives of BOI staff are fallen under three (03) categories, namely; Junior Manger (JM), Middle Manager (MM) and Senior Manager (HM). Accordingly, Board of Directors of the BOI at its meeting held on 07.07.2015 has granted approval for the payment of Special Allowance to the Executive Staff comprising Junior, Middle and Senior Managers as per the Public Administration Circular No. 18/2015 of 26.06.2015.</p> <p>According to the Public Enterprise Circular No PED/40 dated 27.09.2006 issued by the Secretary to the Treasury, Public Administration Circulars would be relevant to Public Enterprises only when such circulars are specifically made applicable to them. In the context, it is evident that the BOI has obtained proper approval form the Board of Directors appointed by H.E the President to apply the Public Administration Circular No. 18/2015 of 26.06.2015 to its staff prior to issue the Management Services Circular No. 05/2017 dated 25.10.2017 and the respective payments were being made over a period of two (02) years at the time of issuing said Management Services Circular.</p>

2.2.3 Performance

- (a) Horana Plantations PLC (Lessee of the land) has filed a case against Ministry (Ministry of Development Strategies & International Trade) to prevent acquisition of land on 24.05.2019 which is still unsettled. Hence providing on site infrastructure facilities for Milleniya zone was temporarily suspended since 24.05.2019.
- (b) BOI is continuously taking the steps to promote the vacant lands among the investors based on the following advantages, giving priority to drawing attention of potential investors with maximum investment quantum and export orientation to utilizing BOI Zonal land for investment activities in order to gain a maximum benefit/return:
- Dealing with the BOI as the sole entity for all location related approvals expedites the project implementation process
 - BOI can provide end to end facilitation from project evaluation to commercialization for projects within a Zone
 - Ongoing facilitation such as import/export/customs clearance is accessed by the enterprise with ease within a Zone

Further, the vacant land details are included in the Land Bank and also as a new strategy, BOI is communicating with the existing investors to promote zonal lands.

Therefore first preference is given to promoting BOI Zonal lands for investments, and this will gain more momentum as the BOI continues to develop new industrial space.

- (c) Water demand of WEPZ is approximately 1400m³ per day. However, NWS&DB is able to supply only 700m³ per day and the supply is mostly done only during the night times when the water demand of the general public is minimum.

There are no reliable water sources close to the zone to implement a new Water Supply scheme. Therefore, the zone management has arranged to supply water from hired bowzers and the water bowser available at the zone from Mirigama EPZ and NWS&DB Veyangoda Water Supply Scheme whereas factories with high demand of water have managed to deploy their own bowzers to transport water from the above two locations.

BOI has requested NWS&DB to fulfil water demand of the zone on several occasions. Accordingly, NWS&DB has agreed to supply 2000 m³ per day from the proposed Karasnagala Water Supply Scheme which was proposed to be implemented from 2019.

3 Other Matters

- (a) The remaining balances (both general and special project values) will be reviewed in detail for suitable action to adjust amounts in the current financial year except for the following two projects.

▪ Galle Road - Rs. 5,034,813.83 (Former Cashew Corporation land at Colombo 03)

The land in extent of 52.92 perches was purchased by Board of Investment of Sri Lanka at a cost of Rs. 278,263,250.00 in 2006 from the Ministry of Plantation Industries (former Cashew Corporation land and building at Colombo 03) and BOI has also incurred a sum of Rs. 5,034,813.83 for preliminary works. Subsequently this land was acquired to the state through the Revival of Underperforming Enterprises or Underutilized Assets Act No. 43 of 2011. The ownership of the said land was transferred to UDA as per Cabinet decision dated 01.02.2012. Within the provisions of the said act a claim for compensation for Rs. 423.36 Mn. was lodged by BOI to Compensation Tribunal and Compensation Tribunal had determined the said claim of Rs. 423.36 Mn.

UDA had settled an amount of Rs. 300 Mn to BOI and Rs. 123.36 Mn. is pending from UDA at the end of April 2022 that will be paid in instalments.

▪ Milleniya Rs. 500,000.00 (Proposed Milleniya Industrial Zone)

As per the request of Central Environmental Authority an amount of Rs.500,000/- has been deposited as administrative charges to follow the EIA procedure for the above zone.

Horana Plantation PLC have filed a case against the issuing Section 38 at the Court of Appeal on 27.05.2019.

The above payment made to CEA could be used for the EIA scope once the land is vested with BOI in due course.

- (b) Even though it was planned to complete the ERP Implementation within a period of 9 months according to the original Project Implementation Plan, the project milestones could not be completed as planned, due to the complexity of the ERP solution expected by the BOI, the necessity to integrate the proposed system with the related internal systems on an online real time basis and the impact of the outbreak of COVID-19 pandemic in 2020 and 2021.

Our main concern is the successful implementation of this Project and the delays are due to the complexities involved and the magnitude of the Project.

However, we have completed the Key User Training & the End User Training. A meeting was called to discuss the project status after the appointment of the present Chairman & all relevant parties agreed to the tentative plan presented by the Implementation Partner, to start the UAT in June 2022 & Go – live by July 2022.

- (c) The BOI facilitates the enterprises located within zones with its maximum effort ensuring seamless functioning of these projects since they are functioning in an area under the management of BOI.

It is to be noted that, the 440-agreement cancelled, closed or operation suspended projects mentioned above, span for 43 years from inception to date (1978-2021). Also,

this list of 440 projects include 86 projects that have either merged with another company or takeovers which means they are technically operative.

Reasons for balance 354 agreement cancelled, closed or operation suspended projects includes non-compliance with the agreement, lack of orders, financial constraints, liquidation of companies most of which are beyond the facilitation limits of BOI.

- (d) The FDI targets set for 2018 to 2020 is depicted in the Corporate Plan 2017-2020 under two scenarios, i.e.

Scenario 1 - under normal situation and

Scenario 2 - under better investment environment

Due to the prevailed investment environment it is prudent to adhere to the Scenario 1 which clearly set the targets as follows;

2018	- US\$ 1,600Mn
2019	- US\$ 1,800 Mn
2020	- US\$ 2,000 Mn

Further, considering the adverse impact to the investment environment during 2019 (Easter Sunday Attack and 2020 (COVID pandemic) the set target under the normal scenario for 2020 was revised from July to December period and the new target set for 2020 was to US\$ 0.9 - 1.1 Mn. Considering the continued impact of COVID pandemic, the FDI target for 2021 was set as US\$ 1.1 to 1.3Mn.

- (e) The company has defaulted the payment of Ground Rent by challenging that the BOI has still failed to discharge its obligations in terms of the Agreement and that they would make the due payment of Ground Rent only after the preconditions are fulfilled.

Hence, considering the high credit risk BOI has made a 100% provision for impairment.

- (f) Financial assets are reviewed at each Statement of Financial Position date, to determine whether there are any expected credit losses. If any such indication exists, the asset's recoverable amount is estimated. The Board measures the Expected Credit Losses based on an evaluation across all categories of financial instruments. These estimates are driven by a number of factors such as time value of money, breach of condition of contract, customer situation analysis, sub group of receivables, payment profiles of debtors, collateral values, the assessment of a significant increase in credit risk, financial difficulties of the customers, legal issues, reasonable and supportable information and forecasts of future economic conditions.

An impairment loss is recognized whenever the carrying amount of an assets or its cash generating units exceed its recoverable amount. Impairment losses are recognized in the Income Statement.

(g) Actions are taken to recover the staff loans in the events of interdictions, vacation of posts and stop payments are mentioned below.

- Interdiction - If the interdiction is on the basis of half payment of salary, loan instalments are recovered from the respective employee
If the interdiction is on the basis of without payment of salary, recovery of loan instalments are temporarily suspended
- Vacation of post - Employee should settle the outstanding loan amount. If the employee fails to do so, sureties of the respective loan are liable to settle the loan
- Stop payment - During the period of stop payment, recovery of loan instalments are temporarily suspended

Accordingly, recovery actions have already been taken with regard to the cases highlighted in the query as above and are in progress at present.

It may be noted further there was a sum of Rs. 2,914,000/- receivable for more than 04 years from 26 officers who had been interdicted, vacated on post, stop payment and released to foreign service as at 31.12.2020 and due to the recovery actions taken by the Board (recovering Rs. 1.692 Mn), the said amount has been reduced to Rs. 1,222,035/- as at 31.12.2021.

(h) Rented out floors and buildings

- (i) The Ministry of Batik, Handloom Textile & Local Apparel Productions utilize only a floor area of 3800 sq.ft. Though the Ministry has not signed the Lease agreement they settled the monthly rent.

The status of the Zonal buildings rented out to external parties are given in **Annexure 1**.

- (ii) As per the instructions given by the Secretary to the President, three offices of the Ministries (Ministry of Tourism, State Ministry of Batik, Handloom & Local Apparel Industries, State Ministry of Aviation Services and Export Zone Development) have been established at BOI owned floors of the WTC Building at Level 25 & part of Level 27 on lease basis. The Ministries were informed to sign the Lease Agreements with BOI.

The Ministry of Tourism has requested to reduce the rent. Then this year the Ministry of Tourism & State Ministry of Aviation & Export Zones Development signed the Lease Agreements and BOI has sent the invoices in time. However the Ministries settle the invoices once the funds are received from the General Treasury.

State Ministry of Batik and State Ministry of Aviation have settled the Rent for the year 2021 in full.

By now, the State Ministry of Aviation & Export Zone Development has paid the rent up to March 2022.

At present, only a sum of Rs 1,000,000/- is due in respect of the year 2021 from the Ministry of Tourism.

- (i) Arrangements were made to fill 67 vacancies during the first 04 months of 2022. However, all the recruitments have been temporarily suspended in accordance with the instructions of National Budget Circular No. 03/2022 dated 26.04.2022 issued by the Ministry of Finance.

All the excess employees in the Management Assistant and Primary level are Casual/ Contract basis employees who were absorbed in to the permanent cadre on 01.09.2019 as per the Public Administration Circular No. 29/2019 dated 18.09.2019 issued on a Cabinet decision. Accordingly, the total cadre has been increased to 1486. As per the circular guidelines the details of absorbed employees were submitted to the Department of Management Services on 29.11.2019 in order to update the cadre of the BOI.

Zonal buildings rented out to private parties

EPZ/ IP	Sq. Ft.	Name of Lease	Period	Annual Rent (Rs)	Response
KEPZ	625	Sri Lanka Telecom PLC	01.04.2019 - 31.03.2022	487,500/-	Ready to sign Lease agreement
	3212	Perstaff Holdings Pvt Ltd	15.10.2021 - 14.10.2024	2,119,920/-	Agreement signed on 11.02.2022
	423	Perstaff Holdings Pvt Ltd	01.11.2020 - 31.10.2023	329,940/-	
	808	Perstaff Holdings Pvt Ltd	01.06.2021 - 31.05.2024	630,240/-	
	239	Aitken Spence Shipping Ltd	01.02.2020 - 31.01.2023	186,420/-	Ready to sign agreement
	150.5	Mr D E M Wasalathantry	01.01.2020 - 31.12.2022	99,330/-	
	398	George Steuart Insurance	01.11.2021 - 31.10.2024	310,440/-	
	430	Coats Thread Export Pvt Ltd	01.08.2021 - 31.07.2024	335,400/-	
	430	U S Cargo Freight Services	01.01.2020 - 30.09.2023	335,400/-	
	1500	Free Trade Zone Association	-	97,200/-	Since this Association is represented by the owners of the zonal enterprises, this premises has been reserved for them on a concessionary rate.
	1398.74	Post Office	-	Free of charge	Since this is a government institution and their service is essential for the zonal operation this premises has been reserved on free of charge.
	3178	Medical Office of Health	-	Free of charge	Since this is a government institution and their service is essential for the zonal operations and benefited the employees of the zone, this premises has been reserved on free of charge.
	302	Counselling Centre	-	Free of charge	Since employees benefit from this, the premises has been reserved on free of charge.
	485	Labour Dept - Mediation Centre	-	Free of charge	Since this is a government institution and the zonal enterprises and employees benefit from this, premises has been reserved on free of charge.

EPZ/ IP	Sq. Ft.	Name of Lease	Period	Annual Rent (Rs)	Response
WEPZ	780	Family Planning Association	01.04.2021 - 31.03.2023	70,200/-	Agreement signed on 03.02.2022; Settled the dues on 02.02.2022
KgEPZ	7556	Brandix Apparel Solutions Ltd	22/10/2021-22/04/2022	-	Pending Agreement- Requested government valuation for new agreement
	980.6	Family Planning Association	01/01/2021-01/01/2023	70,200/-	Location changed & ongoing preparation of new Legal Agreement.
	200.07	Expo Lanka Freight Ltd	01.07.2020.-30.06.2023	84,029/40	Agreement signed on 17.07.2020
	618.8	Nalin Harsha	07/01/2002-06/01/2005 [Awarded by Letter]	88,275/-	These businesses, which are mainly based on the tourism industry, have been affected by the Corvid-19 pandemic situation. Owing to this, there are several years of dues arrears and in turn there is an issue in entering into agreements with them due to the said arrears. They have requested for a concessionary period to settle the dues and it has been considered. Agreements will be signed as early as possible after the matter with regard to dues is resolved.
	42.25	Nalin Harsha			
	618.8	MG Neranjith	27/12/1999-26/12/2004 [Awarded by Letter]	94,875/-	
	42.25	MG Neranjith	01/02/2014-31/01/2015 [Awarded by Letter]		
	42.25	MG Neranjith			
	618.8	Susantha Salwathura	01/01/2014-31/12/2014 [Awarded by Letter]	81,675/-	
SEPZ	812	Bank of Ceylon	Awarded by Letter	40,600/-	Agreement is pending for signing.
	150	Family Planning Association	Awarded by Letter	7,500/-	Signing of the Agreement yet to be finalized by the Legal Dept. FPA has requested for a waiver of gazetted rates of land premium & ground rent.
MjEPZ	1214.06	Lanwa Sanstha	Based on a letter	36,000/-	The said building is used by Lanwa Sanstha and they have requested to rent out for another 3yrs period.
HEPZ	160.63	Commercial Bank ATM	01.12.2010 to 30.11.2040 [30 years]	3,877/-	Agreement signed.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee was constituted in accordance with the provisions in the Public Enterprises Circular PED 55 dated 14.12.2010.

Audit Committee comprised of following members;

1. Chairman - Mr Sanjay Kulatunga (Member of the Board of Directors of BOI)
2. Member - Dr Harsha Subasinghe (Member of the Board of Directors of BOI)
3. Member - Dr Harsha Cabral (Member of the Board of Directors of BOI)
4. Member - Mr Jayamin Pelpola (Member of the Board of Directors of BOI)
5. Observer - Dr M K C Senanayake (Representative of Treasury)
6. Consultant - Mr V Kanagasabapathy (Voluntary Consultant to the Audit Committee)

Director (Internal Audit) convened the Audit Committee meetings and acted as the Secretary to the Committee.

Superintendent of Audit represented the Auditor General at the Audit Committee meetings as an observer.

Compliance with scope and responsibilities of the Internal Audit was confirmed by the Committee through continuous coordination with the Internal Auditor and reviewing and approving the Annual Action Plan.

During its meetings, the Audit Committee paid special attention to the following areas;

- (a) Financial Statements for the year ended 31.12.2020 and 1st half of year 2021.
- (b) Draft Report of Auditor General for year 2020
- (c) Detailed Management Audit Report of the Auditor General for year 2019
- (d) Internal Audit Reports for year 2020 and the 1st half of year 2021, and the Compliance Report 2020
- (e) Reports on status of dues, vehicle accidents etc.
- (f) Current status of COPE directives

The Audit Committee extensively reviewed the reply for the draft report of the Auditor General for year 2020 in the presence of the relevant departments/zones, giving due consideration to the comments therein and advising/directing for further amendments to the drafted replies with a view of improving compliance and avoiding/minimizing the reported deficiencies.

Also, the Committee reviewed Internal Audit Reports and the Compliance Report and evaluated the status of internal controls being imposed, corrective/preventive measures and the follow up actions taken with regard to reported observations and the extent of compliance with regard to laws, rules, regulations, directions etc. during period under review.

Further, the Audit Committee played an advisory role in the Board by reviewing financial statements and making recommendations to the Board of Directors.

Despite of the adverse effects of the Covid-19 pandemic throughout the year, four (04) Audit Committee meetings (including virtual meetings) were held for year 2021 in compliance with the circularized guidelines of the Department of Public Enterprises.

The Audit Committee was of the view that terms of references for the Committee were complied within all material aspects.

SENIOR OFFICERS OF BOI AS AT 31.12.2021

Mr R A Edirisuriya – Chairman

Mr P T Wanigasekara – Director General

Maj. Gen. H J S Gunawardena – Deputy Director General (Administration)

Mr J J Munaweera – Deputy Director General (Marketing, Research & Talent Management)

Executive Director	Department / Office	Location
Ms. R M Weerakone	Project Monitoring	World Trade Centre
Mr. S P K Wijayatilake	Investment Promotion	World Trade Centre
Mr. K P V D Fernando		World Trade Centre
Mr. A R Karunaratne	Recoveries Unit	World Trade Centre
Mr. R M U Senerath	Project Implementation	World Trade Centre
Mr. M Ramanayake	Investor Services	World Trade Centre
Mr. H M Jayasundara	Engineering Approvals & Special Projects	World Trade Centre
Mr. M K D Lawrance	Zone Management	Katunayaka EPZ
Ms. S A D D Suraweera	Finance	World Trade Centre
Ms. P N Samaraweera	Research & Policy Advocacy	World Trade Centre
Mr. H M Keerthiratne	Human Resource Management	World Trade Centre
Mr. S Paranawidana	Technical Services	World Trade Centre

Director	Department / Office	Location
Ms. N DE Silva	Investment Promotion	World Trade Centre
Ms. H S Urugodawatte	Industrial Relations	Katunayaka EPZ
Ms. A S Beling	Environment	World Trade Centre
Mr. T M D Thilakaratna	Zone Management	Wathupitiwala EPZ
Mr. A S K T R Sibera	Zone Management	Katunayaka EPZ
Ms. P S P Pilapitiya	Engineering Approvals & Special Projects	World Trade Centre
Ms. D A S Amarakoon	Internal Audit	World Trade Centre
Mr. H S K Fernando	Zone Management	Koggala EPZ
Mr. W N W Dabare	Regional Office	North Western Regional Office
Ms. N N Andrahennadi	Industrial Relations	World Trade Centre
Mr. S J Gamage	Administration	World Trade Centre
Mr. C P Panadura	Finance	World Trade Centre
Ms. H M S H Wickramasinghe	Legal	World Trade Centre
Mr. L L R Prasad	Investor Services	World Trade Centre
Mr. W D G Priyankara	Investment Appraisal	World Trade Centre
Mr. M G R Dharmasiri	Investment Appraisal	World Trade Centre
Mr. M P Sarathchandra	Project Monitoring	World Trade Centre
Mr. M P A Gunawardena	Zone Management	Seethawaka EPZ
Mr. K Kumarasinghe	Zone Management	Biyagama EPZ
Mr. R M J B Bandara	Zone Management	Kandy Industrial Park
Mr. D K S P Kumara	Information Technology	World Trade Centre
Mr. W A G Jayathilaka	Investment Appraisal	World Trade Centre
Mr. D N Maralanda	DDG (Mktg,Research&Talent Mgmt)'s Office	World Trade Centre
Ms. N C E Samarasinghe	DDG (Mktg,Research&Talent Mgmt)'s Office	World Trade Centre
Ms. A S Rajasuriya	DDG (Mktg,Research&Talent Mgmt)'s Office	World Trade Centre

DIRECTORY OF BOI OFFICES

Head Office (World Trade Center)
Level 05, 06, 08, 09, 19, 24, 25, 26 & 27
West Tower, WTC, Echelon Square, Colombo 01.
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 2385972-5, 2346131-3
 Fax : 011 2447995, 2329795, 2430512, 2422407
 E-mail : info@boi.lk

Katunayake Export Processing Zone
Katunayake.
 Tel : 011 2252364-5, 2252140, 2252038,
 4833737, 4833741, 4833774, 4833779,
 4833817, 4833819
 Fax : 011 2253207
 E-mail : zmkepz@boi.lk

Biyagama Export Processing Zone
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 Fax : 011 2465227
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 Fax : 091 2283370
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Polgahawela Export Processing Zone
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 Fax : 037 2244657
 E-mail : pgepz@boi.lk

Horana Export Processing Zone
Boralugoda, Poruwadanda.
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 Fax : 034 2255687
 E-mail : hepz@boi.lk

Mawathagama Export Processing Zone
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 Fax : 037 2296041
 E-mail : mwepz@boi.lk

Mirigama Export Processing Zone
Mahayawaththa, Loluwagoda, Mirigama.
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 Fax : 033 2274656, 2276393
 E-mail : mepz@boi.lk

Central Verification Terminal
Ceylon Shipping Lines Yard
No 70, Avissawella Road, Orugodawatte.
 Tel : 011 2547485, 4411591, 4978969
 Fax : 011 2547485, 2053421
 E-mail : cvt@boi.lk

Wathupitiwala Export Processing Zone
Wathupitiwala.
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 E-mail : zmwepz@boi.lk

Malwatta Export Processing Park
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 Fax : 033 2288826
 E-mail : mepp@boi.lk

Air Cargo Verification Unit
Bandaranaike International Airport, Katunayake.
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 Fax : 011 2251830

Mirijawila Export Processing Zone
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Seethawaka Export Processing Zone
Awissawella.
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 Fax : 036 2231083
 E-mail : zmsepz@boi.lk

Bingiriya Zone Office
German Watta, Batuwatta, Dummalasooriya.
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Kandy Industrial Park
Kengalle, Kandy.
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 E-mail : zmkjp@boi.lk

BOI Special Economic Zone
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Jaffna Regional Office
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 Fax : 021 2221336

Wagawatta Industrial Zone
Wagawatta Industrial Park
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